

casual connect

WINTER 2010



CASUAL GAMES
ASSOCIATION

INDIA'S LEADING GAME DEVELOPMENT STUDIO

It is not hard to find the best games development partner ..

You just have to

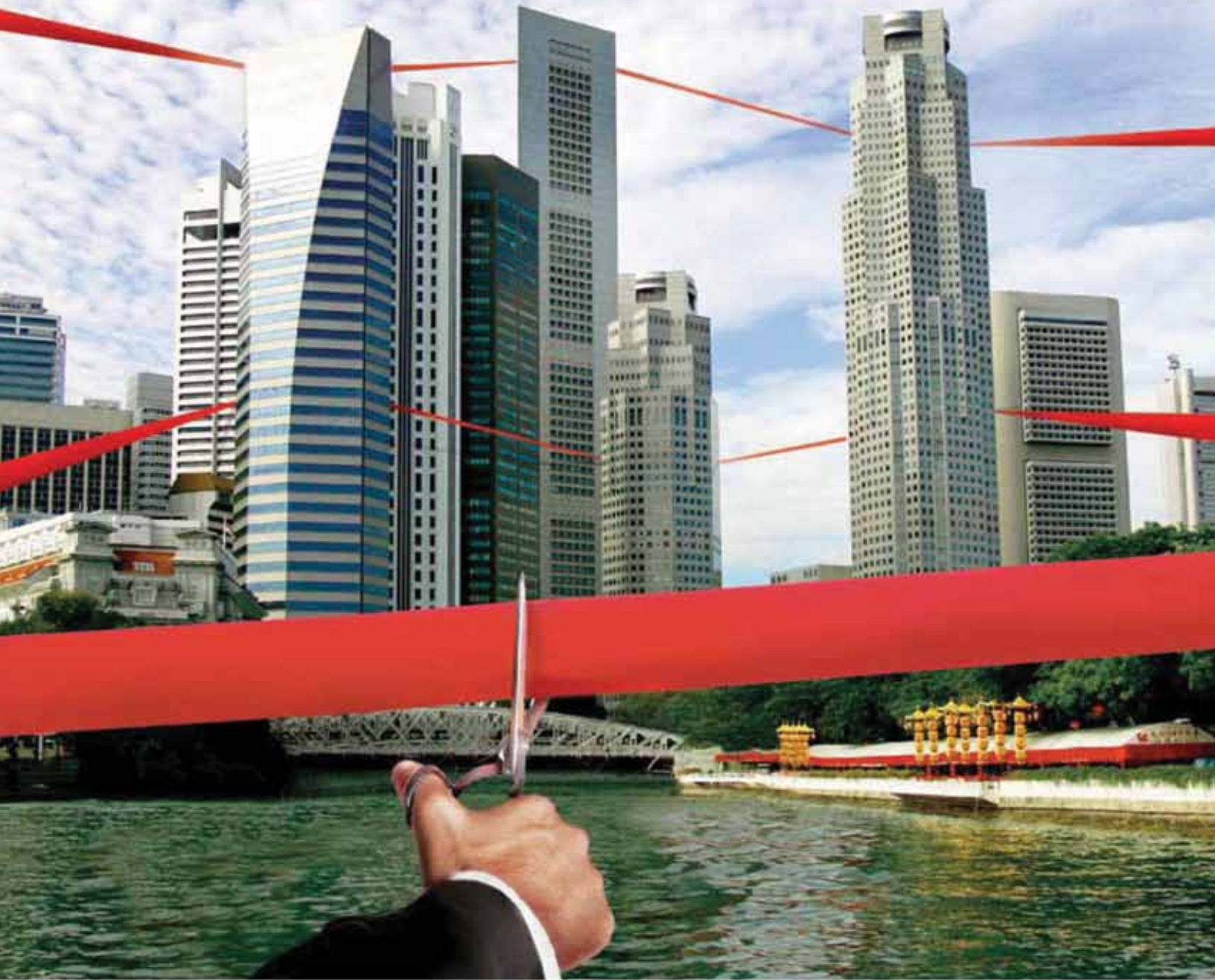


<<www.chayowogames.com



Android games | iPhone games | Virtual worlds | Facebook games | Downloadable games | Online games

Opening the world



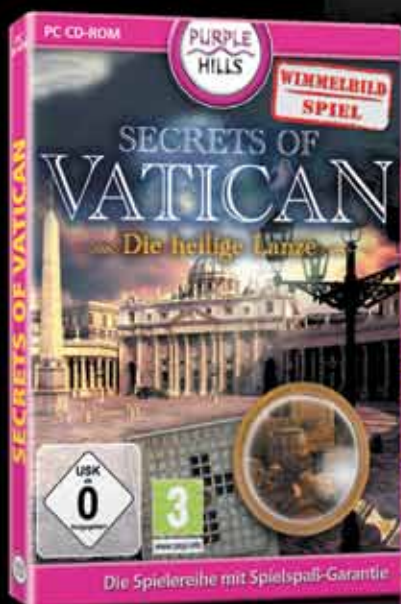
GlobalCollect is the world's premier Payment Service Provider of local e-payment solutions for international Customer Not-Present (CNP) businesses such as internet, mail and telephone orders. Our scalable online payment platform offers an unrivalled portfolio of local payment methods in over 200 countries - which enables you to realize your global ambitions and expand your e-commerce activities across the world. Let GlobalCollect open the world for your online business! Contact us by calling our USA office +1 (415) 362 9738, European office +31 (23) 567 1500, or Asia-Pacific office +65 6408 8222.



www.globalcollect.com



Purple Hills is the games brand of S.A.D. GmbH



Exclusive partners for Germany:



Partners working with S.A.D. GmbH:



S.A.D. GmbH is publisher and distributor in the German speaking territory - specialised on budget and casual games.
For more information about S.A.D. GmbH please mail to kontakt@s-a-d.de or call +49 (0) 7305 / 96 29 0.

CONTENTS

Jessica Tams | **Letter from the Director** 7

INDUSTRY BUSINESS

Tim Chang | **Why Gaming Will Rescue Us All** 8
The Implications of Gaming 2.0

Neal Sinno | **The Bet That Became a Business** 12
One Developer's Startup Story

Ada Chen | **First Glimpse: Flash Games Market Survey** 16
*Trends and Data about the Emerging
Flash Games Ecosystem*

Matt Shea | **What Social Networks Mean to Casual** 18
Many Opportunities, But No Panacea

Nicole Eichinger and Sonja Römer | **Building a Gaming Platform** 20
Five Lessons Learned

DESIGN & PRODUCTION

The Mystery Case Files Team | **Cold Fusion** 22
Mystery Case Files: Dire Grove Postmortem

Oleg Rogovenko | **Building Games with Legs** 26
Seven Principles to Make a Game That Lasts

Igor Elovikov | **Venturing into Unfamiliar Territory** 28
Our Exciting Journey into the World of Strategy

The Machinarium Team | **The Making of Machinarium** 34
A Look Inside the Creative Process

Nick Thomas | **Speaking of Voice-over** 38
Ten Secrets for VO Casting and Production

CGA | **Casual Games Postmortems** 40
More Lessons of Success

MONETIZATION & MARKETING

46 **Five Tips for Managing Risk and Fraud in Mobile Payments** | Martine Niejadlik
A Guide for Merchants

50 **Moving Toward Click-for-Currency Incentives** | Susan Su
An Alternate Approach to Casual Game Monetization

52 **The Future Is Now** | Simon Jones
Earn Tomorrow's Revenue Today Through In-App Commerce

54 **Four E-Marketing Resolutions** | Paul Hyman
Boosting Your Success in the Months Ahead

56 **From In-house to Outsource** | Kevin Henshaw
Boosting Mobile Revenue Through Partnership

58 **Old-School Merchandising** | Jennifer Bartlett
Using Offline Strategies to Increase "Ad-Generated" Revenue

ABOUT THE COVER:

The creative force at INTENIUM Studio has been working for many months on a casual online world named Alamandi in which people can satisfy their love for travel and gaming while making new friends from around the world who share those same passions.

Anna, designer of the cover: "I challenged myself to create a world in which I would like to live myself—with huge hot-air balloons, with an ancient map in my hands—a world in which I fly up and follow the footsteps of the heroes of my childhood to undiscovered horizons!"





LEADING EUROPEAN GAMING PLATFORM

Access to 3,5 mio. users
MMOs, Skill Games
Available in 15 different languages
Years of experience in gaming operations

Fair deals for developers
Fast & easy deal-making & integration
Optional: implementation of payment mechanism, localization and CRM support

Contact: sonja.roemer@gametwist.com


GameTwist
www.gametwist.com

Casual Connect Seattle

20–22 July 2010.

Casual Connect Kyiv

20–22 October 2010.

Casual Connect Europe in Hamburg

February 2011.

Winter 2010

CASUAL CONNECT MAGAZINE

Trademarks

© 2010 Casual Games Association. All rights reserved. Reproduction in whole or part of this magazine is strictly prohibited. Casual Games Association and Casual Connect, and the Casual Games Association logo and the Casual Connect logo are trademarks or registered trademarks of Casual Games Association. All other product and company names mentioned herein may be trademarks of their respective owners.

Disclosures

The Casual Games Association's ("CGA") *Casual Connect Magazine* ("Magazine") is for informational purposes only. The Magazine contains current opinions and estimates which may change at any time. Furthermore, the CGA does not warrant or guarantee statements made by authors of articles in the Magazine. Information in the Magazine should not be used as the sole basis for any investment or strategy decisions. While the information included in the Magazine is derived from reliable sources, the reader is responsible for verification of information enclosed in this Magazine and the CGA does not guarantee or warrant the accuracy or completeness of the information. The CGA is not responsible for oversights in opinions or data.

Because of the position of the CGA in the casual games community, nearly all companies listed in this Magazine have contributed funds or services to the CGA in exchange for educational, promotional and marketing services.

Usage

Companies inside of the entertainment business may use information in this report for internal purposes and with partners and/or potential partners. Members of the press may quote the Magazine. Data and information contained in this Magazine must NOT be used for commercial purposes, including but not limited to commercial research reports.

Contact Us

Corporate Participation:

Luke Burtis, luke@casualconnect.org

Address Changes and Subscription:

Tennille Forsberg, tennille@casualconnect.org

Article Submission and Comments:

editor@casualconnect.org

Casual Connect Magazine (<http://mag.casualconnect.org/>) is published three times yearly by the Casual Games Association (<http://www.casualgamesassociation.org/>), P.O. Box 302, Layton, UT 84041. Casual Connect Magazine is postal mailed to over 9,000 game industry professionals and members of the press.

Letter from the Director

One thing I've noticed since we launched the Casual Games Association five years ago is that no matter how much things change, they still remain pretty much the same. I remember that when we held our first conference in 2006, the key issues facing our fledgling industry were ensuring a fair value chain, maintaining innovation, and expanding our monetization methods. If you look at our industry today, we're still talking about the same things.

Over the last five years, we have had to make our casual games as good as they could be if we were to have any chance whatsoever in the competitive entertainment landscape. The growth of our market and the loyalty of our fans are testament to the fact that hard work pays off. And as we continue to find new platforms and new ways to monetize and distribute our games, it's clear that success hasn't yet gone to our heads. We're working as hard as ever.

And why not? It's still fun to make games for a living (isn't it?). That's one thing that definitely hasn't changed. And if we have anything to say about it, it never will.



Jessica can be reached at jessica@casualconnect.org.

Why Gaming Will Rescue Us All

The Implications of Gaming 2.0

In case you missed it, Tim Chang opened the Emerging Business Models track at Casual Connect 2009 in Seattle. It was awesome. For those of you who weren't there, this essay provides a nifty summary. And for those who were (lucky!), here's a chance to review Tim's insightful comments about the future of gaming.

— ed.

By Tim Chang



Tim Chang is a Principal with Norwest Venture Partners (www.nvp.com), a global venture capital firm based in Silicon Valley managing close to \$4 billion of total assets. Tim leads investments in gaming,

digital media, mobile, social media, and also oversees Norwest's Asia investment practice. He led Norwest's investments in leading Gaming 2.0 startups including Playdom, Ngmoco, and Lumos Labs.

With the economy slowly digging its way out of a recession, many VCs are being asked where the bright spots lie in the Consumer Internet and Digital Media space. It is a tough question, especially with ad-based social media and Web 2.0 businesses becoming less viable due to a sagging advertising market. My response as an early-stage venture investor has been to focus on the (virtual) world of video games.

My own fascination with video games began in 1980, as a pre-teen boy with an overactive imagination and a large collection of comic books, sci-fi novels, and pen-and-paper role-playing games. When my father brought home an Apple II personal computer that spring, my first question after booting up was "Can it play games?" Dad responded with a shrug, tossed me the AppleSoft BASIC manual and replied, "Why don't you figure out how to make your own?"

I'm proud to say that I've been a non-stop gamer for nearly 20 years longer than I've been a venture capitalist (though self-identifying as a hardcore gamer wasn't always such a badge of honor in terms of social-acceptance!). I'm also thrilled to have turned my passion into part of my profession, as the thousands of hours I've spent playing the major milestone titles over the past few decades has helped me in my work as a VC to identify the key macro- and micro-level trends driving the evolution of the industry.

So what is it that's so special about gaming? Most everyone knows about the tremendous growth and massive installed base of the console game market, as well as the meteoric rise of the Nintendo Wii and audience-expanding hits like *Guitar Hero* and *Rock Band*. This industry completed FY2009 in March 2009 at \$29 billion of sales, surpassing the \$27 billion movie industry, according to Hudson Square Research analyst Daniel Ernst.

But it isn't the traditional packaged-goods, retail-based model—what I call Gaming 1.0—that interests me. It is the shift towards something new—what I call Gaming 2.0.

Now, if you have not tracked the video game industry for a while and your familiarity with the format goes as far as owning an Xbox or Wii and playing console titles, you'll first have to lose a few prejudices about the characteristics of the traditional video game industry. Gaming 1.0 has historically been the domain of nerdy, young males on the "hardcore" PC and console games side. Gaming 1.0 also represents the old-school downloadables and ad-based online casual games market (think Pogo or Yahoo Games)—typically more popular amongst female players. Gaming 2.0 advances the state of the industry by making games *frictionless, ubiquitous, social, and service-oriented*. More importantly, Gaming 2.0 provides critical clues and guidance towards new, sustainable business models that may help make a variety of social media, content, and e-commerce businesses more robust in the near future.

Gaming hasn't always been such an appealing area as an investment. In the era of Gaming 1.0, hits were unpredictable, and hits-based business models create uncertainty around sustainable revenue growth and long-term profitability. Gaming startups also did not easily scale up to become large, standalone businesses because of the challenges beyond product development—such as the power imbalance versus publishers, the difficulty in securing retail distribution, and the substantial marketing budgets needed to promote each title. There have certainly been outstanding success

It isn't the traditional

packaged-goods, retail-based model—what I call Gaming

1.0—that interests me. It is the shift towards something new—what I call Gaming 2.0.

stories of venture-backed game companies such as Electronic Arts, but overall the gaming sector has been a tough field for VCs to bet on.

I like to say that Gaming 1.0 has many parallels with the movie business. In Gaming 1.0, firms published packaged-goods games into the retail channel. Titles sold for \$29.95 to \$49.95 and often required budgets of \$20 to \$40 million (and growing!) and multi-year development cycles to produce. Those basic facts made the risk-reward characteristics unattractive for venture investment: huge sums of money were needed to launch and promote a new product. Those economics also represent a perilous “all eggs in one basket” risk profile. If any single title achieved less than hit sales it could sink a sub-scale startup company.

Thus, scale and distribution muscle became the name of the game: The video games industry consolidated around a few large publishers like Electronics Arts and Activision, just as the music industry consolidated into four major labels, and the movie industry around a handful of major studios. With this consolidation, the pressure increases for game and movie companies to take safe action by relying heavily on extending proven franchises and betting on less risky content. In light of the recent economic downturn and decreasing consumer spending, we’re seeing this model pushed to the extremes, with the gaming and movie giants leaning towards fewer products launched each year, with increasing concentration of budgets spent on “tent pole” titles (often sequels of prior successes). Think of Warner Brothers focusing on putting out three to four big-bang titles per year like *Harry Potter 6* or *Batman the Dark Knight 3*; this is analogous to large game publishers devoting up to \$100 million on the next installment of *Grand Theft Auto* hoping to generate \$150 million of sales. They simply are not investing smaller amounts

into the development of brand new (and riskier) content. Hence, industry analysts bemoan the fall of the traditional games industry, citing a broken model around the old console publishing model.

In the meantime, a couple of major changes have occurred on the audience and business model side, changes which have come together to shape and define Gaming 2.0.

What Has Changed?

I often speak at Digital Media and Gaming conferences proclaiming that “Gaming (2.0) will save us all.” By this, I don’t mean that we will spend our leisure hours toiling away to become level 68 Dark Elf Druids in *World of Warcraft*. What I’m talking about is leveraging what are now well-proven hybrid revenue models from the cutting edge of Gaming 2.0 to revive traditional media industries, many of which have been disrupted by digital formats, and irreversibly fragmented by the Internet.

The shift away from Gaming 1.0 has evened the playing field for game startups. The shift is more than just an application of new computing and Internet technologies to old gaming paradigms. It includes new combinations of technologies, new designs, and new business paradigms, fueled by these major changes in consumer behavior:

- *Rise of the Digital Natives:* Consumers under the age of 30 have grown up with the Internet and its multitude of services (social networks, instant messaging, email, search, blogs, P2P downloading, podcasts, etc.). These users spend more time on Web 2.0 sites like YouTube and social networks like Facebook and Twitter, and eschew broadcast TV for online video services like Hulu. Digital natives favor online, digital formats instead of going into retail outlets to discover and purchase their media

and are adept at seeking out new offerings and virally sharing their findings.

- *Irreversible Fragmentation and Short Attention Spans:* The Web allows every user to easily find offerings that suit his or her particular tastes, per the Long Tail theory. Because of this infinite choice, it is also increasingly difficult for a publisher or media company to effectively reach mass audiences, as dying formats like broadcast TV, radio, and newspapers once afforded. Instead, we end up with thousands of niche offerings rather than a few massively popular hits that everyone likes. Add on top of this the very short attention span of users, who are now faced with unprecedented options and one-click ability to instantly surf on to the next site or link should they be faced with something that isn’t instantly appealing.
- *New, Open, and Lightweight Platforms:* The most exciting new formats for interactive experiences include the iPhone (for which there are now more than 70,000 applications, of which more than one-third are games), social networks such as Facebook and MySpace with open application support, and increasingly powerful internet browsers now capable of rich-media experiences streamed fully in-browser without heavy downloads or additional software needed. These formats are widely available and have seen tremendous adoption, with huge active audience bases worldwide.

In light of these disruptive changes, we’ve entered what many consider to be a Renaissance Era of Indie Gaming, in which small upstart teams have just as much of a chance to launch a profitable title directly into the market as the large traditional publishers. In many cases, the startups are innovating much faster than the incumbents, who continue to fight the Gaming 1.0 battle under pressure from a slowing, retail-based model.

More specifically, several innovative drivers define Gaming 2.0. Here are a few observations about these drivers.

Ubiquitous Gaming—The most exciting aspect of Gaming 2.0 is the rise of games on new, popular platforms (such as iPhone and Facebook) on which game-makers can reach whole new audiences who are interested in trying out games even though they would never

The most exciting aspect of Gaming 2.0 is the rise of games on new, popular platforms (such as iPhone and Facebook) on which game-makers can reach whole new audiences who are interested in trying out games even though they would never identify themselves as “gamers.”

Why Gaming Will Rescue Us All

The Implications of Gaming 2.0

identify themselves as “gamers.” As an example, two-thirds of iPhone and iPod Touch owners have downloaded and played a game, although most did not expressly purchase the device to play games (in contrast to the purchase of a dedicated game console). The key difference is seeing the mass market of non-core gamers investing significant amounts of time and money in lightweight games, expressly built for these non-dedicated and ubiquitous platforms.

Frictionless Distribution—Because Gaming 2.0 is essentially about bringing games to the broader market of non-core gamer consumers, the games themselves need to be as easy as possible to try out and play. In the Gaming 1.0 world, when you ask prospective players to first download heavy client software, or to register to play, or to purchase the game upfront, you create friction points towards user adoption, and you will scare off most consumers. Instead, the gaming market is now giving way to browser-based, thin-apps and free-to-play frictionless models aimed at getting the consumer to quickly try out a game and become hooked on the experience—eventually resulting in deeper engagement, viral sharing, and monetization. Frictionless gaming also emphasizes direct-to-consumer publishing, without the need for retail distribution or a packaged game product. Many experiments in Gaming 2.0 involve open platforms such as Facebook, MySpace, iPhone, and Xbox Live Community Games, which enable startup developers to release games into the market unfettered by traditional gatekeepers or distributors. Many of these models employ lightweight, browser-based game formats which remove all friction between audience and first play experience.

Social as a Means of Distribution—“Social networking” is not a market: It’s a functionality that will weave into all offerings as a mechanism to enhance distribution, marketing, promotion, self-expression, and engagement. Similarly, “mobile” is not a market but a logical extension of the cloud media model. As consumers begin to interact with each other on a personal level (not just via Facebook) across all content and media, this will begin to reduce the anonymity of the Web while increasing accountability and the quality of conversation around content, product, and media. This could also lead to interactions outside

of our historically narrow social norms, enabling interactions to spread across multiple regions.

Social gaming is an interesting poster child because both social media mavericks and traditional game folks are learning from each other: Social can grow audience bases into huge numbers virally, while gaming can retain and engage these audiences long after the initial viral buzz wears off. Today’s social games such as

Here’s one way to think about why the potential market is so exciting: Half the world’s Internet users will soon be on Facebook; half of those users will try a social game; this means that a quarter of the world’s Web population will play a social game!

Zynga’s *Mafia Wars* have proven that you don’t even need a real game engine or fancy graphics to get large audiences playing and spending money. However, these simple social games are just the start; expect the formats and quality of production and interactive storytelling to evolve. We’re already starting to see the emergence of “premium social gaming” with improved production values and graphics (including 2.5 and full 3D), as well as more compelling and sophisticated game-play. And for those of you who you think that social gaming is a “fad,” here’s one way to think about why the potential market is so exciting: Half the world’s Internet users will soon be on Facebook; half of those users will try a social game; this means that a quarter of the world’s Web population will play a social game! Even if only a few percent of those players engage in a monetizable transaction, the approachable market is much more appealing than fighting for increasingly slimmer chunks of mindshare from traditional gamers.

Designing Compelling Content for “Snack Gaming” and Voluntary Repetition—Game-makers are learning to optimize the user experience towards “snack gaming” (many frequent sessions of only a few minutes of play) as opposed to deep engagement with multi-hour game-play sessions. Most consumers (that is, non-core gamers) are now time-starved and do not want to invest significant amounts of time per play. Designers are also focusing on compelling stories and content that induces “compulsion loops” that drive users to keep coming back for more participation. The stories may be episodic and involve user-modifiable game content, and users keep coming back because they like the experience and get hooked on one or more compulsion loops. In addition, these users do not need constant “app and social newsfeed spam” to get them to re-engage. Such alerts are good for initial awareness-building, but the core compulsion loop should kick in quickly thereafter. This is why the art of the “meta-game” will be the most important design skill for Games-as-a-Service in the long-run: If each piece of content or activity ultimately becomes a “mini-game,” how do you design the meta-game wrapper around everything to encourage users to level-up, collect, share, buy, sell, trade, explore, and try again?

Games as a Service—Games as packaged media or “fire and forget” releases is quickly becoming an obsolete model. Thanks to online games pioneers such as Blizzard (*World of Warcraft*) and Nexon (*Maple Story*), Games-as-a-Service (GaaS) and Cloud Gaming are the inevitable new paradigms in which content creators have to fundamentally rethink how they design their offerings. Instead of producing a discrete offering which is sold and then handed off to players, game-makers now need to have ongoing relationships with their users because their games are “living” on Internet servers as ongoing experiences which players touch frequently across a multitude of devices (web browsers, consoles, iPhones, and even within social networks). This means a fundamental shift in expense planning and spending priorities:

Often only half or less of budgets are spent on “launch” with increasing amounts now used to “operate” the ongoing service. This includes activities such as community management, expansion packs, dynamic content updates,

Increase your website's stickiness and make money with GamePoint games!



- * Amazing 200 minutes average playsessions
- * Multilingual support
- * Engaging and exciting multiplayer gameplay
- * Working virtual currency driven economy

Partner with us!
www.gamepoint.net



www.gamepoint.net

info@gamepoint.net

GamePoint
the dutch online gaming company

micro-transactions processing, virtual goods refreshes, and related activities. This is an early case study for the shift of media overall towards Media-as-a-Service (or MaaS): Imagine subscribing to all-you-can-eat, on-demand music services instead of buying individual songs or albums; or think of what Netflix is shifting towards with its new online model. Ideally, getting your content into the hands of the audience is just the first step. The real trick is keeping the consumer engaged over the long-term, so that you can continually monetize that user while cross-promoting your other offerings.

Reinvent the Business Model for Media—The Holy Grail business model for Media-as-a-Service will be inspired by the gaming industry. I predict that the reinvigoration of the music, TV, movie and print media industries will come from new adaptations of the hybrid revenue model already familiar in gaming. This hybrid revenue model blends several revenue streams, including free-to-play, micro-transactions (around virtual goods and virtual currencies), and premium membership and subscriptions. In a healthy hybrid model, I often see what I call the “88/10/2” pattern:

The majority (80-90%) of participants plays for free without engaging in micro-transactions or subscriptions. They may be lightly monetized via ads, but they may also contribute indirect value by enriching the game world and experience for other players with their participation. A smaller number of players (up to 10%) pays small amounts for micro-transactions, and a very small subset (1% to 3%) pays for premium services or subscriptions. Interestingly, subscribers often still engage in micro-transactions for rare items, collectibles, vanity goods, etc. One could draw a parallel scenario in the music industry: ad-based “free to play” for a limited on-demand streaming music experience; per-song and per-item micro-transaction purchases; and all-you-can-eat unlimited subscription services with additional perks and benefits (special access to limited edition merchandise or live concerts, etc.)

Conclusion

In summary, I forecast that many aspects of the new models in Gaming 2.0 can be transported to music, broadcast TV, print journalism and magazines, and packaged media in general.

Gaming has been the first media market to successfully shift towards Media-as-a-Service, and provides a model for how content and entertainment might transition towards everything-as-service (known as “XaaS”). In such an XaaS world, micro-transactions and virtual goods provide a suitable monetization model for content that has unbundled into snack-sized pieces, and “meta-gaming” mechanics (leveling up, badges, achievements, social profiles) provide the addictive ongoing engagement to keep users coming back for more. In fact, it’s not too hard to imagine applying these principles to re-invigorate many other industries: Imagine Pharma-as-a-Service (every drug comes with an online/mobile tracking/regulating app); Wellness/Fitness-as-a-Service (Lumos Labs is a great example—see www.lumosity.com); and Device-as-a-Service (iPhone and Kindle are obvious examples). This is why I’m optimistic that gaming represents a promising area for investment—and not just in the media/entertainment market. Gaming will also fuel innovation in business models and user experience for other industries for years to come. ■

The Bet That Became a Business

One Developer's Startup Story

By Neal Sinno



Neal Sinno is the VP of Business Development at Arkadium, bringing with him over 10 years of experience in market opportunity assessment, product development, and sales management. Prior

to joining Arkadium, Neal was VP of Business Development at Game Trust. There he managed key relationships with partners to develop network, channel, search and advertising opportunities and was a member of the executive team responsible for the company's acquisition by Real Networks. Prior to his role at Game Trust, Neal worked at Mellon Financial Corp, where he was the director of E-Commerce Product Development. A seasoned sales and e-business product specialist, Neal has also held key leadership roles at The New York Times and Lucent Technologies. Neal sits on the board of advisors for the Casual Games Association and frequently speaks at key industry events.

One of the mainstays of online casual gaming started over a simple bet: Who was a better *Ms. Pac-Man* player? At the time, Jessica Rovello and Kenny Rosenblatt, co-founders of Arkadium, were working together at a technology firm and had a video game rivalry brewing. They logged on to the Web only to find that there were no sites that allowed two people to wager against one another in games of skill. At that moment, the idea that would become Arkadium was born.

Today Arkadium is a casual game solutions developer whose growing library of over 250 Flash-based and custom games can be found at leading online destinations. Jessica, Kenny, and their staff of over 100 "Arkadians" have learned countless lessons along the way.

Was It Skill or Chance?

As they set out to develop a business plan—to establish Arkadium as a legitimate provider of games and to launch their flagship products—Jessica and Kenny first tackled the challenge of understanding the industry and the differences between games of skill and chance. They would later realize that this was one of the most important elements of their initial launch.

Currently it is illegal in the U.S. to wager dollars on a game of chance. Games of skill, on the other hand, while not legal in every state, present the opportunity to take the myriad of popular games like chess and checkers and move the competition to the next level. This was where Jessica and Kenny saw their opportunity to get into that segment of the industry in 2001—early on and without much competition. The development of skill games became Arkadium's initial focus. And although their initial games were a notch below the level of *Ms. Pac-Man*, they would help the growing company realize the pair's vision of allowing people to wager against one another in online games of skill. The wheels were set in motion and research on development began.

Investment Dollars and the Development Dilemma

In an effort to maintain total control of a company that they hoped would grow into a powerhouse, Jessica and Kenny chose not to take any investment capital. Of course, this came at a price. With very little money in the bank, they had to be mindful of where and how they spent each dollar. After all, they were spending only their own money. What they spent on the business was money they might otherwise spend on food, rent and basic necessities. Needless to say, spending recklessly was not an option.

In the early 2000s, everyone was talking about the outsourcing of development to countries outside of the U.S. Skilled workers overseas could produce a similar product but were less expensive and offered Arkadium an affordable option. It wasn't long before Jessica and Kenny teamed up with an overseas company to develop their skill-based game platform. They soon realized, however, that their first development solution was not the smartest choice.

In software development, platforms and technology can be just as important to the viability of the final product as the software content itself. Failure to stay abreast of the latest trends in development can result in wasted time and money, and Jessica and Kenny found themselves having to change the direction of their initial development efforts. The first developers they chose were working in Visual Basic, which was gaining little traction and was used by very few programmers. When they learned that, Jessica and Kenny began researching development companies that focused on Flash game

As they set out to develop a business plan, Jessica and Kenny first tackled the challenge of understanding the industry and the differences between games of skill and chance. They would later realize that this was one of the most important elements of their initial launch.

development, which was more widely used and also compatible with their existing base platform.

Their search landed them in Simferopol, Ukraine. A small firm there had developed a few games in Flash, and Jessica and Kenny hired them to develop a test game. When the test game turned out well, the pair began to see the benefits of expanding their in-house development team. Two years and more than 50 Flash games later, Arkadium acquired the Ukrainian company.

The acquisition allowed them to develop games more affordably and hire skilled programmers in the U.S. to manage that process. Today, programmers from Arkadium's New York City office regularly travel to meet with their Ukraine-based counterparts and vice versa. The overseas acquisition has taught Jessica and Kenny some invaluable lessons while at the same time allowing them to maintain control of the development process and reach profitability at a rapid rate.

▼ Arkadium's first Ukrainian team.



Marketing Dollars and the 90/10 Rule

Arkadium's first product was Gamedek, a skill-gaming platform that boasted over 20 games along with many features (such as micro-transactions) that were ahead of their time. The product was solid.

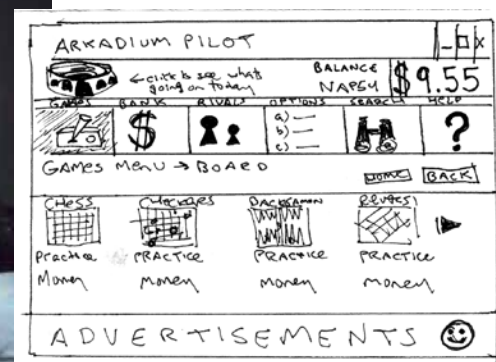
Of course, there was one small problem: The platform and the games were there, but, due to their decision not to take investment dollars, where would the money come from to drive users to the site? That problem led Jessica and Kenny to a creative, new marketing idea: Instead of buying traffic through pricey CPM deals, they would give the games to partners for free. The free version of the game would include Arkadium branding and a link back to Gamedek, and it would generate massive amounts of traffic. Working hard to start big, they quickly signed on Oxygen, NY Post, TV Guide and other online properties eager to offer casual games to their visitors. Gamedek was beginning to gain traction, but would it be enough?

The new portfolio of partners loved the games but they began asking for custom game development, branded games, and re-skins. Jessica and Kenny agreed and soon realized that they were spending 90 percent of their time on Gamedek development, but that product was generating only 10 percent of their overall revenue. On the other hand, the mere 10 percent of their time they used to develop branded and

Due to their decision not to take investment dollars, where would the money come from to drive users to the site? That problem led Jessica and Kenny to a creative, new marketing idea: Instead of buying traffic through pricey CPM deals, they would give the games to partners for free.

re-skin games was contributing an astounding 90 percent to the bottom line. Thus began the second revelation in Jessica and Kenny's business direction. In 2003, they saw a new opportunity and together decided to go where the market and their customers were leading them: to become a premium provider of online games and white-labeled game destinations.

That decision has paid off. Today Arkadium is one of the largest providers of online game solutions for some of the world's biggest brands



▲ A first sketch—creating a business plan.

◀ Humble beginnings—Arkadium's first office in New York.



The Bet That Became a Business

One Developer's Startup Story

Capitalizing on potential new opportunities that may introduce a little risk while never abandoning your core competencies:

That is what keeps the lights on, the computers running, and the team members happy.

and media companies, servicing over six million gamers per month with hundreds of games and offering new monetization opportunities for their partners. And while the original business of offering games of skill has evolved, the company has stayed true to providing great game experiences that maximize the opportunities of the moment.

Keeping It Fun

With the wheels in motion, Jessica and Kenny are realizing their dream. However, the success story doesn't end here. Maintaining a fun but

professional work environment for 100 employees is challenging. When Arkadium was much smaller, it was easy to keep a relaxed, family atmosphere. As the company has grown, its founding pair has learned that losing that focus could kill the spirit on which they built the company. As such, they have always strived to create a company where people love their jobs while at the same time feel a sense of stability and aren't afraid to have a good time.

Game development can be a blast to those involved, but like any creative process it can be challenging at times. To keep everyone's creative juices flowing, Jessica and Kenny have instituted some perks: Six Flags theme park day, regular outings and celebrations with the entire company, days

devoted to non-client game development and much more. These efforts to keep morale high and to stay true to the concept of a fun gaming company have contributed to Arkadium's success.

Success Is Not a Flash in the Pan

You see this all the time: A small startup comes onto the scene, capitalizes on a trend, raises millions of dollars and within a year they have either changed their business strategy completely or have closed their doors. Jessica and Kenny have watched this scenario play out a number of times in their industry, especially with recent races by companies to become the first big development company focused on a particular fad, all in a time of economic strain.

The big question for Arkadium now is how to stay the course while not ignoring new market opportunities. The answer is always the same: capitalizing on potential new opportunities that may introduce a little risk while never abandoning your core competencies. After all, that is what keeps the lights on, the computers running, and the team members happy.

As for the bet that launched the company in the first place? Jessica and Kenny will tell you that they both won—big time. ■



Room to grow—Arkadium's current New York office.



Great People. Big Ideas. Still Growing.

To get in touch with our partner relations team, contact
gamesubmissions@bigfishgames.com



Next Exit

First Glimpse: Flash Games Market Survey

Trends and Data about the Emerging Flash Games Ecosystem

By Ada Chen



Ada Chen is Director of Product Marketing at Mochi Media, a company providing monetization, distribution and analytics tools and services for Flash game developers. She leads the mar-

keting efforts for Mochi Media's network of games, which reach over 100 million unique users each month. Prior to joining Mochi Media she was part of Microsoft's adCenter team working with premium clients such as Netflix, Overstock, Blue Nile, and REI across retail, consumer packaged goods, education and insurance verticals. Ada received her undergraduate degree from The Wharton School at the University of Pennsylvania.

Despite the rapid growth and huge audiences of the Flash games industry, very little data is available on today's market. This is in part due to the decentralized nature of the Flash gaming ecosystem, which is comprised of games dispersed across tens of thousands of websites across the Internet. The top gaming portals represent just the tip of the iceberg, with many of the game-plays taking place on many of the smaller portals distributing games. Within weeks, a popular game can spread to tens of thousands of websites and rack up millions of plays through viral and organic distribution. This is a collaborative system in which game developers create content and website publishers create portals that enable that content to reach users.

Today, the industry largely relies on assumptions, interpretation of proprietary data, or general metrics to assess the market. However, there has been a critical gap in knowledge and understanding when it comes to Flash: Who is playing these Flash games? What kinds of games are most popular and successful? To raise awareness of key issues facing the Flash games market, and to provide insight into emerging trends, characteristics and needs, Mochi Media set out to create the first benchmark study of the Flash games industry in partnership with Adobe, Newgrounds, FlashGameLicense, and JayIsGames.

About the Survey

The survey partners used community forum boards, blogs, and newsletters to rally Flash game developers to complete the first ever Flash games market survey. In the course of three months, over 1,100 Flash game developers and content publishers responded to survey questions, providing information on the demographics, location and economics of Flash game developers and publishers. The goal of the study was to segment the game developer market and create a series of profiles and benchmarks for future comparison as the industry evolves.

The Flash Games Market Survey paints a picture of a nascent industry that is, nonetheless, rich in opportunities for reaching gaming audiences. The industry has been advancing in pace both technologically and creatively. Tools have proliferated to facilitate the creation of Flash games, making it relatively easy and affordable for a broader audience of aspiring game developers to enter the space.

A Global Community of Pros and Amateurs

The Flash game development community is a global one. While 48% of the developers in the survey were located in the United States or United Kingdom, more than half of the respondent population represented over 70 additional countries and territories. The developer group is dominated by hobbyists, with 70% of game developers in the survey creating games as a part-time profession. As you might guess, the range of experience among these developers is broad: Thirty percent of Flash game developers started creating games within the past year, and 32% have been creating games within the past one to two years.

It's apparent that many game developers work quickly: Forty-nine percent of games are created within one to three months, and another 24% are created in less than one month. These developers are also prolific: Thirty-one percent of game developers in the survey have published six or more games since they started.

Business State of Flash Games

As can be expected from the broad range of experience levels in the game development audience, the business success of Flash game developers exhibits similar diversity. Some developers (22%) choose not to monetize their games at all, while the top developers are making revenues of

There has been a critical gap in knowledge and understanding when it comes to Flash: Who is playing these Flash games?

What kinds of games are most popular and successful?

over \$25,000 each month. The primary strategy that many developers are adopting is one of multiplicity, adopting not just one but multiple revenue streams in monetizing their games. Of the respondents, 37% are both developers and publishers—game professionals who create games and develop websites to showcase their games and generate revenue from website advertisements. These monetization methods include:

- In-game Advertising – placing advertisements in games (e.g., Mochi Ads)
- Around-game Advertising – placing advertisements on the website next to your game (e.g., Google AdSense)
- Custom Game Development – work-for-hire contracting or project work to create games
- Licensing – selling ad-free or custom versions to websites
- Micro-transactions – selling a premium version or in-game items directly to the gamer
- Sponsorships – selling logo and link space to a website

Of the developers surveyed, nearly one-third are monetizing their games in four different ways, and half are using two. The top three monetization methods are around-game advertising (58%), sponsorships (44%) and licensing (26%). Developers indicate that their top revenue sources ranked by revenue are sponsorships, in-game advertising, and custom game development.

Once the games have been developed, advertising-based revenue streams largely rely

Over 1,100 Flash game developers and content publishers responded to survey questions, providing information on the demographics, location and economics of Flash game developers and publishers.

on distribution and reach. However, unlike other media, Flash games travel easily and often spread virally across a multitude of websites. Twenty-nine percent of games are getting half a million plays or more. Two percent of respondents said that their games are receiving over ten million plays each month. The potential of this type of unstructured viral distribution creates opportunities for games to rapidly reach large audiences and gain a following on their own, without necessarily requiring the distribution support of major portals or partners.

Conclusion

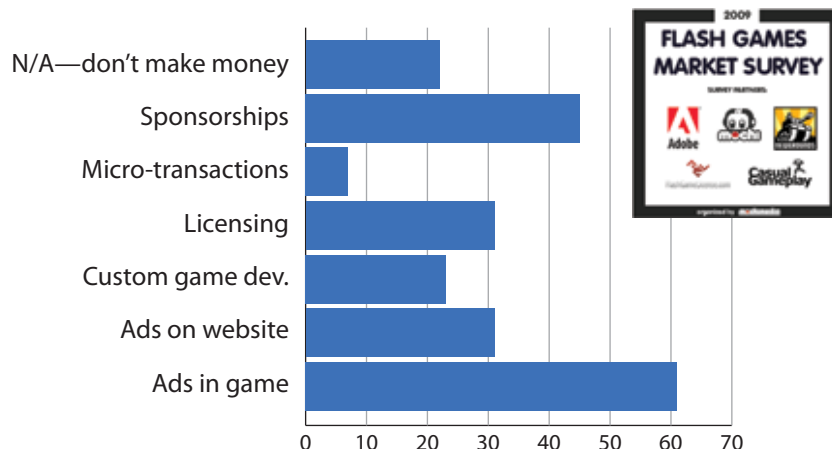
In many ways, the Flash games industry—with its ease of entry and diverse set of content

creators—can be considered loosely analogous to blogging or music: with opportunity for aspiring artists to achieve success with their ideas, and a hospitable environment for these ideas to proliferate and gain traction. Tools have been developed and are continuing to evolve to make the process of creating games even easier and more approachable, diminishing barriers of technical complexity to creating games. Due to its ease of use, Flash provides a big opportunity for new ideas to be quickly developed, released, and evaluated at a low cost. The industry is a ripe ground for experimentation to nurture and yield innovation in game design and business.

On the business front, the success of the Flash games industry today is largely propelled by revenues based on advertising—either through direct payments or through licensing and sponsorship activities that are tied to Flash game portals wishing to generate traffic (monetized through advertising). While that is the current case, since the survey was conducted there has been a considerable amount of excitement raised over micro-transactions in Flash games as a new and potentially very profitable revenue stream for enterprising developers. We anticipate that the industry will shift quite a bit in the year to come, and I look forward to sharing the results of the market survey next year. Full results of the survey can be viewed at <http://wiki.mochimedia.com/Flash-Games-Market-Survey>. ■

How do you make money from Flash Games?

	Devs only	Devs and Pubs	Both
Ads in games	58%	76%	61%
Ads on websites	20%	70%	31%
Custom game dev	20%	32%	23%
Licensing	26%	48%	31%
Micro-transactions	6%	11%	7%
Sponsorships	43%	51%	45%
N/A—don't make money	25%	12%	22%



What Social Networks Mean to Casual

Many Opportunities, But No Panacea

By Matt Shea



Matt Shea is the SVP of Product Development and Technology at WildTangent. He has 14 years experience in online games and is the co-founder of WildCoins. Matt holds several software

patents and received a B.S. in Computer Science from University of California San Diego, Revelle College. Matt can be reached at matt.shea@casualconnect.org.

The launch of the iPhone two years ago, followed by its meteoric rise in popularity, had the game industry excited about the monetization opportunities the new platform and its rapidly growing audience might bring to game developers around the world. As with any gold rush, of course, there have been winners and there have been losers. In fact, there have been many more losers than winners. More than two years into the iPhone's App Store, developers have learned (the hard way in some cases) that the iPhone never was and never will be a panacea for distribution and monetization of games.

There is a new phenomenon brewing, that much like that of the iPhone, is grabbing the attention of game developers everywhere: social gaming. Unfortunately, many of the lessons learned from the iPhone gold rush are being forgotten as too many developers are chasing the social network dream with the mistaken idea that simply putting a game on Facebook will result in rapid growth and untold riches.

Admittedly, it is hard to ignore the fact that Facebook has an eye-popping audience of 350+ million users, or that 30 million people play *Mafia Wars*—not to mention the revenues being projected by some of the larger social game companies. But as recent headlines have borne out, social networks are no panacea for game developers, and the same “virality” that made you popular one day can result in disaster the next.

So what is the recipe for successfully building and monetizing games on social networks?

Magic Distribution?

The most exciting aspect of social games is access to the wealth of data, features, and tools provided by sites like Facebook. This includes accessing the player's Social Graph of friends and family, the ability to insert posts into their news feed, etc. These features increase the chances of your game “going viral” and enjoying tremendous organic distribution—attracting many new users without any incremental marketing expense. It seems like developers expect that this distribution will magically happen, and they will instantly have more game players than they know what to do with. The likelihood, however, is that these expectations will not be met without a lot of hard work, retooling, and careful partnering.

User acquisition is never free, and the same is true with social networks. We have learned recently that the industry's largest social game developers are spending tens of millions of dollars on advertising in the very social networks on which they distribute their games. This is really no different than traditional search engine marketing (SEM). Over time, these social network ad slots will become more and more expensive as competition increases, making this form of customer acquisition beyond the reach of all but the largest companies. So if you are considering entering the social gaming space, either be prepared to spend big dollars in advertising or have a clearly laid out plan for how you will attract users.

Another distribution challenge is that ultimately the social network controls how users access your games. It can restrict and otherwise impair your ability to make money with the proverbial flip of the switch. Facebook, for example, recently announced that games will not enjoy the same access to user's news feeds as they have in the past. Notifications from games will be put into a separate dashboard rather than within the top level view. This is an attempt to reduce the perceived “spam” from apps that communicate too frequently with users. Some speculate changes like this could result in a 70% reduction in the viral distribution of games.

The success of your game will largely hinge on your ability to manage its distribution. Simply posting your game on Facebook is not a distribution strategy. You need to work with partners that

Too many developers are chasing the social network dream with the mistaken idea that simply putting a game on Facebook will result in rapid growth and untold riches.

have the capability to distribute games in this format and can bring qualified game players to your game.

Games as a Service

The casual games industry, perhaps more than any other, understands how to make content that is mass-market-friendly. Our industry has nearly mastered the art of addictive game mechanics, game setting, and character design. Since these are all important aspects of social games, our industry enjoys a distinct advantage as we seek to dominate this growing platform.

What is different, though, is that building games for Facebook is more like building a service than just a product. This is radically different than normal casual game development, where once you publish your game you are finished. For social games, publishing is just the beginning as you will need to care and feed the game in order for it to grow. The most successful games in this format include features like asynchronous multiplayer game-play (cooperation and competition), leader-boards, and digital items and currency—all of which require a skill-set and infrastructure that you will either have to develop yourself or provide through a partner who can. In other words, the skill-set you have built for traditional downloadable games is likely not the same as that required to build and maintain a successful social game.

Got to Get Paid

The casual games industry has traditionally been built upon the notion of a user buying a downloadable game after a trial period. The typical trial-to-purchase conversion rate is between 1% and 5% depending on the game and the presentation. This means more than 95% of users

who play a given casual game are not being monetized, unless you include other options such as session-based rental or advertising.

Since games for social networks operate more like services, you'll need to focus more on selling value *within* the game rather than the game itself. Most games are finding success with digital items purchased using digital currency, usually priced in the one-dollar range. These micro-transactions might enable access to extended play, unlock new levels or get you a shiny new sword. Games that follow this approach can experience conversion rates up to 10%, which is double or triple what happens for "try and buy" only.

That conversion rate is very exciting, but it still means that 90% or more of users are not being monetized in any way. By taking advantage of additional methods of monetization (such as advertising), game developers can further reap the financial rewards social gaming has to offer.

Seller Beware

While it's important to develop multiple streams of revenue from your social games, it is critical that you as the developer know where those dollars are coming from. Late last year, *TechCrunch's* now famous "Scamville" series exposed the dirty little secret behind the lead generation offers that are so prevalent in social games and have been a large source of revenue for the leading social game developers. In their attempt to monetize the "other 90%" of users, these companies used lead generation offers to generate revenue from users in exchange for digital currency.

"Scamville" uncovered a variety of problems with these lead generation offers, many of them quite serious. First, many of these offers are truly scams, defrauding consumers of millions

of dollars. One common trick was duping the consumer into a mobile content subscription in exchange for receiving the results of a quiz they just took. Second, not only were many of these offers defrauding consumers, but they were scamming the companies sponsoring them in the first place. The most common example is giving consumers currency in exchange for signing up for a new service (such as a DVD service). The problem in such a scenario is that the consumer is incentivized to sign up for these services even if they have no intention of becoming a paying customer. The DVD service that is paying for such "leads" could find that it is paying for users who will not bring in any additional revenue, and consequently it may decide not to participate in these types of offers.

The point is that, as a social game developer, you are going to have a more direct relationship with the game player. You must make the right choices when it comes to your monetization plans, otherwise you can put both consumers and your business at risk. You could expose your users to scams or you could overly rely on a revenue stream that might decrease significantly outside of your control. This could spell disaster for your game, your brand, and your company.

Gold Rush Fever

The opportunities that the social networks offer our industry are many, and we are uniquely positioned to take advantage of them. The most important thing a casual game company can do is to remain focused on building fun and addictive games. Social networks, in the end, are simply another platform that, like all others, demands compelling content. Content is still king but solid distribution and monetization strategies are required to get consumers to play and pay you for your games. If you can make the necessary changes to your skill-set, diversify your business model, and forge smart partnerships, you will ultimately find success with fun and addictive social games. ■

"Scamville" uncovered a variety of problems with social networks, many of them quite serious...you must have the right skill-set, business model, and partnerships in order to succeed.

Building a Gaming Platform

Five Lessons Learned

By Nicole Eichinger and
Sonja Römer



Nicole Eichinger is CRM manager for the websites Skill7.com and GameTwist.com at Vienna-based Greentube. Before joining Greentube, Nicole was a gaming content manager

and studied Knowledge Management with a specialization in gaming law. Nicole can be reached at nicole.eichinger@casualconnect.org



Sonja Römer is product manager for GameTwist and responsible for integrating MMOGs in the platform. Sonja started her career as a writer for a console gaming print magazine. Then she went

on to be public relations manager at Ubisoft Austria. Sonja can be reached at sonja.roemer@casualconnect.org



▲ A free2play platform

We spend a lot of space in these publications looking at successful game development projects because, well, we like to. So we figured it was about time that we gave a little space over to platform development. We asked Nicole Eichinger and Sonja Römer to share with us what they have learned while creating and maintaining GameTwist.com and Skill7.com. Think of this as our first-ever platform postmortem. (We think of everything, don't we?)

—ed.

Here are what we consider the five key factors for successfully operating gaming platforms:

#1: Speak the User's Language

When it comes to operating a platform throughout Europe, localization is crucial. The translation of your website has to be perfect so that the players never have the slightest feeling of playing on a translated website. They should have the impression that this website was originally created in their own language. You can easily test if a website fulfills this by checking it out in your own language. If the website is still making sense to you, you can be sure that this key factor is achieved.

#2: Make Access as Easy as Possible

People are often skeptical when it comes to downloading software and frequently abort the process. Users should be given the opportunity to play straightaway without downloading anything or installing any plug-ins. On our platforms, for example, we allow players the convenience of trying out some games before deciding if they want to register on the platform.

#3: Be Transparent

Let the users make up their minds about the games—let them play for free. Then when they choose to stick with your games and are ready to use premium features (or, in our case, to play for real stakes) make the payment process as easy as possible. The whole process should be comprehensible in every way. Provide them with a special offer and provide them payment methods with which they are familiar. In order to increase trust, have well-known certificates or good rates from community or quality testing sites. For example, in German speaking countries, a "TÜV certificate" will increase the trust of your users. When it comes to payment methods, well-known credit card providers or country-specific payment services are important.

#4: Be Big!

Offer a wide range of different games right from the start in order to target a huge audience. Make sure that you work with a partner who can provide you with enough liquidity so that every player finds an opponent in every game. Promote your website with many different marketing campaigns and be there!

You should choose a partner who has gained knowledge in the markets in which you would like to operate so that you can profit from their previous experience.



▲ Playing to win!

#5: Give Users Excitement and Community

Provide the users with exciting content—sponsor promotions they remember and give them a reason to visit your site frequently. Show users that there are other people with the same interests and give them a place where they can meet, chat, and play. This can be achieved by having price draws or by organizing tournaments where users can win prizes like MP3-Players or DVDs. ■

Boost Your Sales



Advertising Rental Ownership
Downloadables Social Networking MMOs
Flash Games Digital Items

**You make it,
we monetize it... better than anyone!**



Contact us: gamesubmissions@wildtangent.com
www.wildtangent.com

Cold Fusion

Mystery Case Files: Dire Grove *Postmortem*

By The *Mystery Case Files* Team



Top row, L–R: Michael Anderson, David Stevenson, Isaac Novak; Bottom row, L–R: R.K. Post, Lara Schneider, Adrian Woods; Floor: Jeff Haynie



As a team, we approach each episode of *Mystery Case Files* as an opportunity to challenge the industry's expectations of a casual game. We continually refine our processes with the goal of creating a game as complex as *Dire Grove* without having to add a lot of time or additional resources to the project.

In November 2009, right after shipping *Mystery Case Files: Dire Grove* (the sixth episode in the *Mystery Case Files* series), the development team sat down and discussed the numerous challenges we faced during the development cycle: moving to a flash engine, increasing the resolution, incorporating full-motion video (FMV) into the title, and making an environment covered in snow look interesting *for an entire game*. Here's a look at what worked, and what didn't.

WHAT WORKED

Flash-Based Engine Framework

At the end of development for *Return to Ravenhearst*, the fifth episode of the *Mystery Case Files* series, our team sat down and looked at the features we wanted to push for the next game and how our technology and workflow would accommodate those goals. We knew that video content—specifically video running in the game world—was a feature that we wanted to improve on for the next release. All of the previous *Mystery Case Files* games were built with Adobe Director, with assets and animations imported from Photoshop and Flash and game scripting using Director's Lingo; but we were starting to run into

performance limitations with Director, especially when we stepped up the game resolution to 1024x768. With Adobe shifting its focus from Director to Flash, we decided to follow suit.

Going with Flash ended up saving us a considerable amount of development time. Flash comes with a number of features that we were able to capitalize on right out of the box. Flex Builder 3 provided a clean and easy-to-use development environment for creating our engine framework. The Flash authoring tool became our level editor and content creation tool, linking to external libraries for our game-specific code and feature set. Streaming video, a pretty common

and well-defined feature for web development, was easy to set up and provided good performance. In fact, there was rarely a circumstance in which we had to turn to custom written tools in order to make content for the game.

While there were a few shortcomings with this approach (which we'll touch on in the What Didn't Work section), overall, Flash provided a convenient, powerful, and robust starting point for making *Dire Grove*.

Design and the Open World Environment

From a design standpoint, *Return to Ravenhearst* is a linear adventure game. The player progresses until she encounters a puzzle and has to solve that

We faced numerous challenges during the development cycle: moving to a flash engine, increasing the resolution, incorporating full-motion video (FMV) into the title, and making an environment covered in snow look interesting for an entire game.

puzzle before moving on and seeing new content. This provides an easy-to-understand framework and makes pacing and storytelling a much more straightforward affair. But this approach does carry a risk of alienating or frustrating players when they encounter a puzzle that they can't figure out. Seemingly out of options, the player ends up stuck and either skips the puzzle or quits the game entirely. Neither makes for a very satisfying experience.

With *Dire Grove*, we wanted to try a different approach. We decided to open up the world a little more and give the setting of the story a more prominent role—allow the player to inhabit a place instead of being constrained by it. And since the world itself was presented as an antagonist to the player, with the snow providing many of the obstacles to the player's advancement, enabling the player to explore the environment allowed us to show this hostility and otherworldliness.

This allows us to present players a group of puzzles at one time. Should they find themselves stuck trying to figure out one puzzle, they can explore and work on a different puzzle in the meantime, unlocking new content and moving the story along. Players can then return to previously frustrating puzzles with the possibility of seeing something they didn't recognize the first time, or having some new insight into how the puzzle works.

Bringing Back FMV

We wanted players to have an attachment to the characters in *Dire Grove*—their plight and what happened to them would be a driving motivation for the player. But conveying an effective story within the time and budget limitations of a casual game is always tricky. On the one hand, some of our players really like to get immersed within a new game world—in which case having an intricate and well-presented story is important. On the other hand, some of our players skip past the entire story and want to focus on the puzzles and game-play. In other words, it's risky to invest the necessary time and resources to tell a compelling story when half our audience is going to skip past it anyway.

Based on the lessons we learned from *Return to Ravenhearst*, having live actors play these roles made for an interesting and compelling way to convey a story that all players would find



One difficulty with our choice to go with a more realistic setting compared to the fantastical nature of our previous titles is that it is much more difficult to come up with good puzzles.

enjoyable. But as fans of adventure games who have seen FMV in other titles, we recognized that we'd need to turn to professional help in order to make something with a high-enough quality to enhance rather than detract from the experience.

The quality and dedication from everyone involved in the process shows in the final result. The addition of CGI effects within the video, matched with the scene art from our artists, helps connect the two in order to create a complete and living world. Now it would be hard to imagine the game without the video, as it has become such a core aspect of the story that we wanted to tell. And it helps raise the bar for casual hidden-object games, as few—if any—developers are trying this in the casual game space.

The (Colorful) Monochromatic World

Return to Ravenhearst offered a lot of opportunities for creative use of colors because it included a world full of gingerbread houses, salons, a trolley system and other interesting locations that welcomed a number of intriguing color combinations.

Rendering the world of *Dire Grove* was a challenge because it features a story in which snow is a critical element. As you near the end of the game, the snow becomes heavier, and you see more accumulation of snow and ice around the game world. While the change in the snow is not essential to the story, we believed that the



variety would make the game more interesting for the player to explore.

To create that sense of variety, we used light and dark elements in each scene to change the way the snow appears as you move through the game. At the beginning of the game, the snow is very “chunky”—the sort of snow that would crunch under your feet. As you progress through the game, powdered snow gives the player the sense that the elements are deteriorating. We used trees and other environmental objects to change the amount of light within the scene, so that sometimes you see white snow, sometimes the color palette shifts and alters the snow to look more blue/violet, etc. This was a huge challenge, but one that the artists really enjoyed tackling. The shape of snow is something that they spent a lot of time on—the way it accumulates on a tree branch, the way it drifts against a rock. All of these details were intentional and took a lot of time, but the result is an interesting world that is full of snow.

We also used a variety of interesting interior locations to help with scenery variation. Each of the buildings in *Dire Grove* is being attacked by the coming cold, so we got to play around with a lot of neat effects inside of the buildings. The bathroom with the frozen bathtub, the museum and the grocery store all offer a break from walking through snow outside.

Finally, in later levels we were able to incorporate a lot of ice, which acts as an

Cold Fusion

Mystery Case Files: Dire Grove *Postmortem*

interesting environmental and story element. Ice also provides interesting game-play possibilities and some huge design obstacles to overcome.

WHAT DIDN'T WORK

Flash As a Desktop Application

For all of the advantages we were able to leverage using Flash, getting our game from Flash's native SWF format into a standalone executable tripped us up on more than one occasion. A SWF file can be played in a standalone player, but it cannot write to the hard drive nor can it be run full-screen without considerable performance issues. This is all understandable considering that Flash was designed as a platform for delivering animation and interactivity inside a web browser. As a local application, however, we need to access the file system and operating system on a more direct level, something Flash wasn't designed to provide.

AIR looked like a promising solution, but at the time, it was geared towards making a desktop version of an online website. It relied on a standalone runtime that our users would have to install first—and we knew we would be creating an unsatisfying user experience if we required our players to go through a bunch of dialog boxes and end-user license agreements before they could play our game.

Third-party solutions to this problem were a mixed bag of cool features and frustrating limitations. These were generally in the form of "wrappers" that go around the SWF content and provide a more robust version of the standalone player. ActionScript 3.0's External Interface methods provided a convenient means for our game code to communicate to this outside layer in the same way online Flash content could communicate with a web browser. Since these wrappers are running as a standard application, they could communicate and interact with the operating system in ways that we couldn't do directly in Flash. But all of this additional functionality carried its own unique quirks. Some would require specific data massaging in order to get disk serialization to perform adequately. Others would require a very specific timing and order to screen resolution and window appearance calls. Since they were external to our developing environment, debugging these issues ate up a considerable amount of development time.

Now that we know which issues tripped us up in the first place and have solutions for working around them, our next project will be a lot smoother in this regard. Still, for all of the promise that Flash provides as a platform, it's a shame that it takes so much extra wrangling to use it for a desktop game. We're looking forward to the new tools that Adobe and third-party developers are working on to streamline this process.

Realistic World vs. Interesting Adventure

One difficulty with our choice to go with a more realistic setting compared to the fantastical nature of our previous titles is that it is much more difficult to come up with good puzzles. With *Return to Ravenhearst*, we were perfectly justified in putting an elaborate puzzle on a door or a complicated contraption in a room because that's how *Ravenhearst* works. That story's main antagonist, Charles, was this nutty guy who would put puzzles on everything. But our new setting of *Dire Grove* was going to be an off-season bed-and-breakfast, and there are not many elaborate door puzzles in the English countryside.

Part of this worked for us. With a more grounded environment, we had to make puzzles that made intuitive sense. This led us to use more item-interaction puzzles in which the player is presented with a task: to find the right tool for the job. We designed most of these to be intuitive, so that when players are faced with an obstacle they have a good sense as to what they need to find in order to progress. Thus when players come across an item that is frozen in a river (for example), they know they need to find an item that will help them break it out of the ice—and the ice pick that they find a few scenes later provides an intuitive solution. This shift in focus—towards coming up with cool item interactions—also made for a more immersive environment.

However, where this works against us is that an interesting adventure requires interesting puzzles. And with a more realistic environment, interesting puzzles are hard to justify. While our story and setting had a hint of the supernatural to them, we didn't have enough to leverage for puzzle content for most of the game. Not wanting to make the supernatural aspect overwhelm the rest of the story, we were forced to rely on item interaction puzzles more than we would have liked.

Ice (or Is It?)

Ice, as mentioned earlier, was a huge element in the later parts of the game. The challenge we faced was that as we built the later levels, we were running into some workflow problems. Painting scenes with snow was a challenge, but we didn't lose any time in doing it because we were prepared. Ice, on the other hand, presented a series of challenges that snow didn't.

Ice affects every single thing in a scene. It reflects light, acts as a magnifier and a prism—plus it is something that everyone is familiar with. The player's frame of reference says, "Well, I know what ice looks like. I know what it looks like in water, on the street, on trees, and so on." The believability of the scene depends on our taking such familiar elements and incorporating them in unfamiliar settings. Players may not have a mental reference for how an entire farmhouse looks encased in ice—so it is a challenge to make it look believable and not just a transparent pile of lines.

This is something we were not fully prepared for because each late-game scene requires more and more ice, slowly revealing itself as the player's main opposition. As the release date loomed, several of the artists were forced to become rapidly adept at painting realistic, frozen landscapes.

Conclusion

At the end of the day, *Dire Grove* is the game that we imagined in our early discussions. The effect of the video content surpassed even the team's expectations. Working with a professional film-maker and then seeing those characters come to life in the game was worth all of the planning it took to make it work.

The most important thing (at the risk of sounding cliché) is that the *entire* team believed in the vision of the project. The core *Mystery Case Files* team has developed a great working relationship over the series. The team is full of best-in-field talent, but everyone on the team has the ability to offer input into design, look-and-feel, and scope of a *Mystery Case Files* game. Artists offer input on design, designers offer input on art, and engineers offer input on everything. Is it difficult? Absolutely. Is it worth it? Without a doubt! ■

Get The Whole ENCHILADA



Sell Strong, Sell Safe

You spent months building the Next Great Game. Now it's time to bring it to market. You need partners, customers and e-commerce. And you need to be sure that fraudsters aren't stealing your hard work.

Focus On The Games

You need a single partner who will meet all of your needs. Someone with e-commerce, a full-featured affiliate program and copy protection. Someone who lets you focus on your real job: making awesome games

Earn More Right Now

We managed millions of sales last year for thousands of clients. We've integrated copy protection & e-commerce, and boast tens of thousands of affiliates. Contact us today, sell strong and safe tomorrow.



1735 Technology Drive Suite 720
San Jose, CA 95110, U.S.A.
Tel: 1 858-350-7473x739 • Fax: 1 815-301-3625
sales@plimus.com • www.plimus.com

Building Games with Legs

Seven Principles to Make a Game That Lasts

By Oleg Rogovenko



Oleg Rogovenko is the founder and CEO of Awem studio, one of Eastern Europe's leading casual games developers. Oleg started making games as a college student back in

1999, and in 2002 founded his own company. Awem studio has doubled in size each year and now numbers more than 40 highly skilled specialists. Oleg is the producer of all Awem studio projects, including such titles as *Cradle of Rome 1 & 2*, *Romance of Rome*, *Golden Trails*, *Cradle of Persia*, and *Star Defender 1–4*. Oleg defines the company's strategy, explores new business opportunities and is responsible for business operations. Oleg can be reached at oleg@awem.com.

The casual games industry is developing rapidly. Competition is growing, game quality continues to improve, and (consequently) development costs are rising. Meanwhile, it seems that the length of time that a popular game stays on top is cut in half each year while prices continue to fall. In essence, it's getting harder to cover project expenses—to the point that even building the most basic casual game like *Klondike* is becoming a high-risk business.

Many game development studios, foreseeing where this succession of events is leading, are trying to find ways to decrease development costs while at the same time increasing the quality of their products and diversifying their business.

Nevertheless, everything may not be as dramatic as it may seem. In spite of the overcrowded casual games market, there will always be a market for high quality, deep products which can become everyone's favorite brand. Even as popular titles slide down and then off of Top 10 lists, there is usually sufficient demand at retail to make it profitable to port it to all accessible platforms. We like to say that such products *have legs*—which is to say, they continue to move long after launch. It's not an easy job to make such a product. It requires a great deal of time, experience, energy, and (of course) luck.

Consider this: *Cradle of Rome* sales during the second year after its release were equal to sales during its first year! Then in the summer of 2009—two-and-a-half years after its release—the game made it into the Top 10 on both Zylom and Oberon. In fact, according to CasualCharts statistics, *Cradle of Rome* was one of the top 20 games during the last three years (2007–2009) along with such hits as *Farm Frenzy*, *Build-a-Lot*, *Fishdom*, and *Virtual Villagers*.

Even as popular titles slide down and then off of Top 10 lists, there is usually sufficient demand at retail to make it profitable to port it to all accessible platforms. We like to say that such products have legs—which is to say, they continue to move long after launch.

Learning from the Past, Building for the Future

While working on *Cradle of Rome 2*, we were determined to repeat the success of the first *Cradle of Rome* and make it the sort of game which would still sell well several years after launch. We knew it would be expensive and difficult to create. But we also knew (from experience) that it would be worth the effort. Here are the seven principles that we believe are key to building a game with legs:

1. *Make the Game "Replayable"*

A game with high replay value holds players' interest even after they've won. To make a game "replayable," add some Easter eggs, optional puzzles, separate game modes—anything that will encourage users to play again and again. The key is to provide a way for someone with accumulated game experience to have different results (and fun) each time through. For example, those who replay *Cradle of Rome 2* receive level bonuses, new trophies, unique citizens, three new game modes, and more.

2. *Build for Multiple Platforms*

When developing a new concept, you must think of getting your game on lots of platforms: Mac, Xbox, Nintendo, iPhone, PlayStation, PSP, etc. You'll expend 80% of your labor making a game for the PC. Use the other 20% to cover additional platforms and you can double your revenue (that is, assuming that you succeed in building a hit title for the PC).

3. *Stop Making Games for 40-to-60-year-old Women*

The audience has changed. Nowadays, even hardcore players play casual games. Here we call it *15+ unisex*. It's important that you choose a versatile theme for your game which can awaken interest among a wide audience. That doesn't mean that there is no place for



▲ *From concept to final: the evolution of the city.*

children's games with cartoonish graphics or for realistic horror games, but such titles will only appeal to a narrow segment of the audience. Building a game with legs requires much broader audience appeal. As you're working on the concept of your upcoming game, pick universal settings and themes that will appeal to the broadest audience possible.

4. *Make People Think*

A game must have an intriguing mystery which will fire players' interest and imaginations and create within them a desire to solve it. In addition, you should give them an opportunity to open something new and to learn when they play your game. The game-play should be simple and intuitive, introducing new facets of the game only as players advance beyond the initial levels. The trick is to make the player sense the potential of things to come. Remember that if you reveal the game's full functionality and potential within the first 60 trial minutes of game-play you provide little reason for players to make the purchase (and you surely disappoint those who purchase anyway). Let the ending be as good as the beginning. Thus you can benefit hundreds of thousands of thankful players and lay the groundwork for a sequel.

5. *Don't Be Afraid to Experiment*

Making a game requires a great deal of testing and experimentation: going

over variants of artwork, trying various special effects, exploring functionality. Many ideas can be checked only by building them, and it's impossible to provide for every eventuality at once. That's why you must feel free—obligated even—to experiment with graphics, animation, design, game-play mechanics, and (especially) the little details that take the major part of your time. Above all, don't be afraid to make mistakes! Sometimes mistakes can cost you a lot, but getting the game right will pay off in the long run. Rome wasn't built in a day, as they say. In our case, we had to redraw the city five times!

When you're done experimenting, don't pack your game with everything you have. Use only the best and most important stuff. Mask, make implicit, or simply throw away the rest of it.

6. *Polish Your Presentation*

The same idea can be presented in different ways. Books and films reuse the same ideas over and over, but only a few of them become bestsellers. The same is true for games. Finding a good idea for a game is the easy part. The question is whether you can present your idea in such a way that it will grab the player's attention and hold it. Or better yet: Can you make such a compelling presentation that the player will replay your game some time later—and maybe tell a friend about it as well? Creating a

You'll expend 80% of your labor making a game for the PC. Use the other 20% to cover additional platforms and you can double your revenue.

strong presentation requires the talent of a true director, the creativity of one with an extraordinary personality. You should begin with a clear idea of what your players are like: their feelings, their needs, their likely emotional responses to various challenges and circumstances. Above all, remember: Without the proper presentation, a good idea is worthless.

7. *Don't Rush*

You shouldn't make a game if you have only dollar symbols on your mind. Make a game for the sake of game. Feel your project. Live with it! Then when your game is ready, put it away for at least a week, have some rest, then return and give it a fresh look. You will definitely see that a couple of months are needed to polish your creation. Don't hasten to release your game if you don't like everything about it or are not sure of its success. Better to work to improve the things about which you have doubts. Work with focus groups and invite feedback from outside producers. Do a beta test on your audience. All of this should help to improve your game considerably. ■

▼ *Fire up the player's interest with an intriguing storyline and make them think with puzzles.*



Venturing into Unfamiliar Territory

Our Exciting Journey into the World of Strategy

By Igor Elovikov



Igor Elovikov is the VP of Production at Playrix. Since 2004, he has been working with Playrix supervising the development for all the company's hit titles, including The Rise of Atlantis,

Fishdom, 4 Elements, and Gardenscapes. Igor has a Masters degree from St. Petersburg State Electro-technical University. He can be reached at igor.elovikov@casualconnect.org.

The first thing you need to know about Playrix is that we have become successful primarily by creating match-three games and the like. Nevertheless, we took a look at *The Settlers*, Blue Byte's long-running series, and felt inspired. We thought: "Why not create our own version of a fun, casual strategy game?" When the idea first struck us, we could not have imagined that it would take us over 16 months of development and seven revisions of the game mechanics to arrive at what we have today. But not a single day have we regretted taking on this wonderful project.

Considering the amount of work and effort our game designers have put into it, the game's rich content, and the level of implementation, *Royal Envoy* has certainly been the most ambitious Playrix project to date. Initially, it was supposed to be a strategy game, similar to *Build-a-lot* in genre. However, as soon as we got the story nailed down, the game drifted more towards click management. As a result, we now have something between these two genres, an exciting new type of puzzle game which combines just the right amount of action and strategy.

Game Mechanics and Programming

At first we came up with a short design document that described a game similar to *Build-a-lot*, but ours was set in a magical medieval archipelago kingdom. The buildings on the islands were to generate rent, while workers ran around collecting it without the player's direct control. Thus, the only thing under the player's control was what types of buildings to build, and where they should be built. We followed this document carefully for about four months, but as the game came together, we realized that it wasn't exciting enough. We needed to throw some action in.

We decided that the best way to make players more active and the environment more interactive was to give the players direct control over the workers so they could orchestrate the collection of resources. Consequently, we decided to combine two general game mechanics—which left us with a tough choice. Half of our game designers were rooting for the double-mechanics version, but others were against it. After endless discussions we decided to keep the new version of the game and give players a free hand both in building and in collecting resources. As the development process moved forward, we also decided to add quests to the game, which made it even more fun.

Of course, game programming was also a challenge. Nothing from match-three game programming could be transferable to this game. Thus we had some learning to do to bring our vision to fruition. The structure of our new game was much more complex, of course, with heavy use of graphics, animation, and calculations. As a result, we had to spend a great deal of time on optimization.

The Story

It was quite a challenge for us to tie together the storyline, the cut scenes, and the map of the magical kingdom of Islandshire. What's surprising and perhaps unusual is that most of the game's story was written at the very end of the active development stage. Shaping the storyline of the game was similar to any other creative process for our team—mulling over some ideas, giving

Royal Envoy by the Numbers

Time of development process	16 months
Launch date	February 2010
The number of times the game mechanics were revised	7
The number of game revisions in SVN	2700
Game Code (text only)	5.5 MB





◀ **Essential Detail #1: The Loading Screen.** Turn a potential annoyance (loading) into a feature with theme-based screens.



▲ Using 3D character models to be rendered in 2D, such as this tax collector, took the cut scenes to the next level and saved us time in the end.

We could not have imagined that it would take us over 16 months of development and seven revisions of the game mechanics to arrive at what we have today.

the green light to some while turning down the rest, finding the perfect blend of story and game-play, having all the components and tiny parts pleasingly and appropriately combined. As certain things were revised and changed in the game-play, we tweaked the game's story accordingly. Of course, the core of the story and the main characters were carved out at the initial stage, but ultimately we were merciless to certain parts of the story (even the fun ones) if we felt they didn't "belong."

Creating the cut scenes was another interesting issue. Again, we decided to experiment: 3D artists made 3D models of the characters and rendered them so that the 2D artists could draw them properly afterwards. Although the process was energy-consuming, it enabled us to save some time since it is much easier to make a 3D character than to create well-crafted 2D models. We certainly feel that we took the cut scenes in this game to the next level.

Essential Details

• The Loading Screen

It would be an understatement to say that this game is large. Because it contains a lot of graphic content with hundreds of textures that constantly need to be loaded and unloaded, it was obvious that we

needed theme-based loading screens. So we challenged ourselves to turn a potential annoyance (loading) into one of the game's features instead. Designing the screen and choosing colors and textures was certainly part of the fun, but we discovered that timing the loading bar provided an interesting technical challenge as well.

• The Interface

No other game from Playrix has had as many buttons and sub-screens on the game field as this one. Consequently, developing an effective and attractive interface turned into quite a fun challenge. In fact, we had the same



▲ From concept to final: the evolution of the interface.

◀ **Essential Detail #2: The Interface.** Don't skip on critical elements, we dedicated the same resources to interface design as cut scenes.



**BOOST
YOUR ONLINE
REVENUES!**

 **paysafe**card

GAMERS GO WILD FOR IT.

→ **No charge-backs**

paysafecard is a pre-paid voucher for online payments with zero risk of non-payment and no chargebacks.

→ **Expertise you can count on – over nine years of experience in the pre-paid market**

paysafecard is available in more than 280,000 sales outlets across Europe and Latin America.

→ **Reduce drop-out rates for online payments**

Making life easier for your customers – quick, simple and secure online payments with **paysafe**card.

→ **Giving you access to millions of potential customers**

Attract new customers who do not have a credit/debit card or those who do not want to use their card to make payments on the internet.

Want to find out more?
www.paysafecard.com

 **paysafe**card
pay cash. pay safe.

Venturing into Unfamiliar Territory

Our Exciting Journey into the World of Strategy

number of people working on the interface as the ones working on the cut scenes.

- **Screen Size**

At some point we decided to change the game resolution to 1024x768. When we made that decision we had no idea that the majority of players would be switching to the wide-screen monitors so soon. So rather than have black stripes on the sides of the game, we decided to widen it with the help of special borders created specifically for each screen.

We've been working really hard on this game, raising the Playrix quality bar to a new level. Now we just hope that players will have as much fun playing it as we have had working on it. ■



◀ **Essential Detail #3: Screen Size.** Special borders widened each screen to fit wide-screen monitors.



The core of the story and the main characters were carved out at the initial stage, but ultimately we were merciless to certain parts of the story (even the fun ones) if we felt they didn't "belong."



How to Stay Ahead of the Game in a Fast Changing Industry

The founders of GameDuell share their views

By Nikola Günther

„Seven years ago the casual games industry was still like a small family. We just wanted to make our impact on the world of games.“

Seven years ago Kai Bolik, Michael Kalkowski and Boris Wasmuth founded GameDuell in Berlin. Today, GameDuell is one of the world's largest games community. The interview provides a short overview about the development of the company and the trends the founders see for the games market in 2010 and for GameDuell.

Is GameDuell Different Than Other Games Companies?

Kai Bolik: Yes, on GameDuell you always play against real people and you can win real prizes. This competitive edge makes the games more thrilling. Since the founding days our vision has been to build the most rewarding and entertaining games community on the Internet. Today we believe we have come a long way towards this goal. More than 10 million people from all over the world use our platform.

How Is Your Business Developing?

Boris Wasmuth: Seven years ago the casual games industry was still like a small family. We just wanted to make our impact on the world of games. Now the industry has grown up and 2009 was the best year ever in the history of GameDuell. 2010 will be even better. We are very happy with our international growth. Within the recent years we were able to expand our business into 10 countries and have localized the site into seven languages. This internationalization is accompanied by constant innovation of our core product. We are adding new features, games and new business areas as quickly as users' tastes evolve. Now we are proud of a stable core business with many innovative opportunities for further growth.

Why Do You Think That You Will Grow Further?

Michael Kalkowski: In the end, it is all about the team and the company culture. Since the start we have created a healthy mix of games and Internet people. This gives us a big advantage to combine the best of both worlds.

Coming from e-commerce and online marketing we have a very metrics and data-driven culture at GameDuell. We test, analyze and optimize everything. On the other side, we also bring in a very creativity-driven culture from the games side. Building fun into every step of the user experience boosts metrics significantly, especially in the non-games areas such as registration flow, payment and customer relationship management.

Now we have created exciting products not only for our users, but also for the many cooperation partners that help us to constantly grow our user base.



GameDuell Co-founders: Boris Wasmuth, Michael Kalkowski, Kai Bolik

GAMEDUELL FACTS & NUMBERS

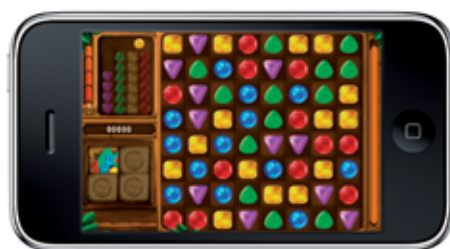
- **Founded:** 2003
- **Customers:** More than 10 million registered members
- **Traffic:** 10 million unique visitors per quarter
- **Team:** 150+ employees and full-time contractors
- **Games:** 45+ casual games developed in-house
- **Funding:** \$19 million venture capital from Burda Digital Ventures, Holtzbrinck Ventures and Wellington Partners
- **Marketing:** 1.000+ partner portals and sites
- **Revenues:** Transaction, subscription, sponsoring, virtual goods
- **Website:** www.gameduell.com
- **International:** Available in 7 languages

Why Do Your Cooperation Partners Appreciate Working with GameDuell?

Boris Wasmuth: On the one hand GameDuell has a very broad target group due to the different kinds of games we offer. That makes us an interesting partner for many companies. On the other hand we are very strong in monetizing the users of our partners, and this makes working with us even more attractive. It is no surprise that we are a top-ten advertiser according to the Nielsen Ratings in Europe.

What Industry Trends Do You See For 2010?

Kai Bolik: Within the casual games industry the traditional segments are still important revenue sources, however, trends like mobile games and social media applications will continue to be the main growth drivers. In these new channels successful games are quite different from traditional casual games. They have become more like a service and less like a product. The role of brands in social media is still to be defined as viral growth relies more on other factors. Game design will be less content- and more interaction-driven. It is more important to launch and adapt fast than to build the perfect experience right away. This fundamental cultural change enables a new generation of companies to become market leaders and is a huge risk for the incumbents who often cannot innovate and adapt fast enough.



Jungle Jewels on multiple platforms (iPhone)

What Are Your Latest Innovations?

Michael Kalkowski: In addition to several new community and competition features on our own platform, we developed eight games on different channels last year. Jungle Jewels and Bubble Popp for example are two new games with a particularly appealing design and a very engaging game play. To allow our members to play them wherever they are, whenever they want, we have offered these games also on social networks and on the iPhone. We also have been able to successfully weave new monetization mechanisms into our existing games and platform.



GAME DUELL

facebook

Several million monthly players enjoy Bubble Popp and Jungle Jewels on Facebook

How Strongly Do You Focus on New Platforms?

Boris Wasmuth: We already have a very successful core business on our GameDuell.com site. Last year we have started to expand into the growing area of social networks to offer our users more channels to play our games. We now take advantage of the enormous viral growth. This paid off nicely. Our Jungle Jewels app had a head start on Facebook: More than 1 million users played the game within the first weeks after launch. Our second app has been growing even faster. Now we are launching new products and features for social networks on a weekly basis.

Besides that, the iPhone application of Jungle Jewels (Note of the author: GameDuell's first mobile game) went into the stores in January. We are very curious to see how users will embrace cross-platform integration. We believe that all these innovations result from our experience in the casual games market coupled with a strong focus on consistently delivering a fresh experience to our users.

What's next for GameDuell in 2010?

Kai Bolik: When we started GameDuell in 2003, we had already founded several other companies before. This time we have been able to create a company that stays innovative and adaptive like a startup even with a team



size of more than 150 people. We looked at role models like Gore-Tex in other industries for innovative organizational structures and management processes, because most common management practices are still tailored to the work environment of the 19th century. To attract and keep the industry's top talents we give people a lot of responsibility and freedom, leverage their potential with the right tools, and embed everything into a fun environment.

The nice thing about having a company culture like ours is that you can be pretty sure that we will always come up with some very successful innovations in the end. Stay tuned! ■

"To attract and keep top talents you need to give people a lot of responsibility and freedom, leverage their potential with the right tools, and embed everything into a fun environment."

The Making of Machinarium

A Look Inside the Creative Process

Amanita Design, an independent developer located in the Czech Republic, has roots in unique Flash games and website design. Jakub Dvorsky of Amanita recounts the making of Machinarium, Amanita's latest and most ambitious creation.

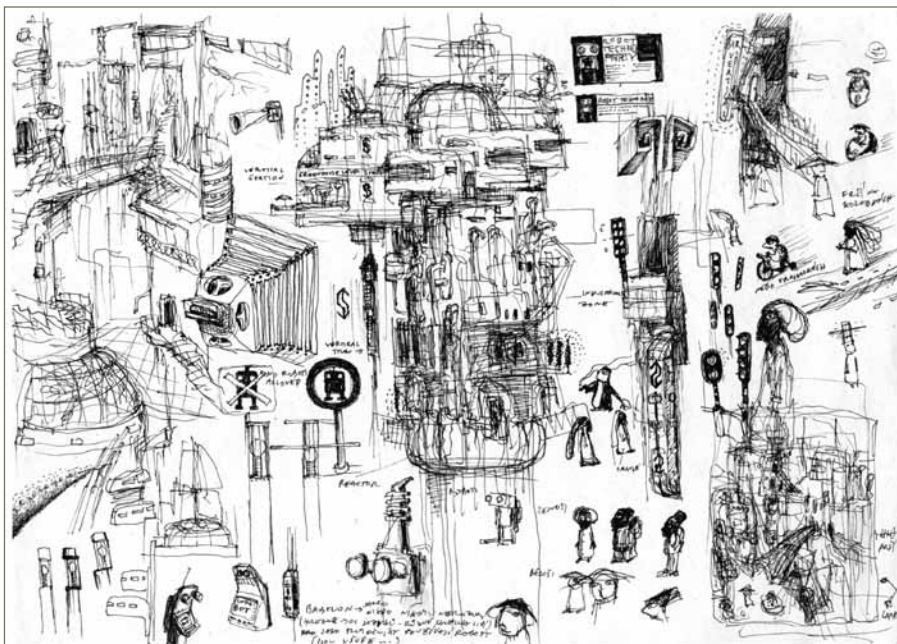
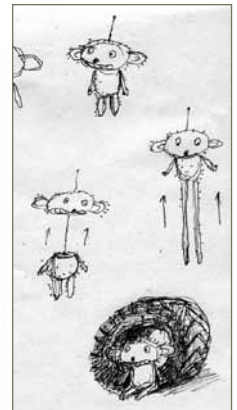
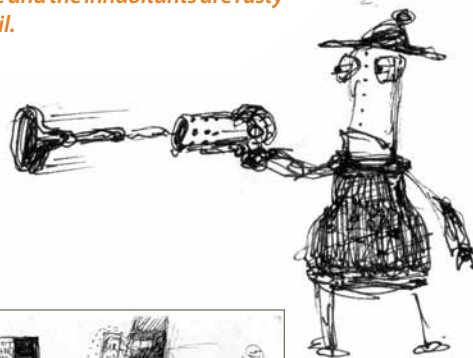
By The Machinarium Team



Our team is located in three different cities, so most of the time we work separately (everybody in his own home) and communicate only through the Internet. As a result, the most fun we have is when we get together for a face-to-face meeting. We'll gather in our cottage along with our wives, our children, our dogs, a few beers—and (best of all) no computers.



▲ *Machinarium signifies a place full of machines. The whole Machinarium world and the city where the game takes place are populated only by robots. It's an old seedy place and the inhabitants are rusty and smeared with oil.*

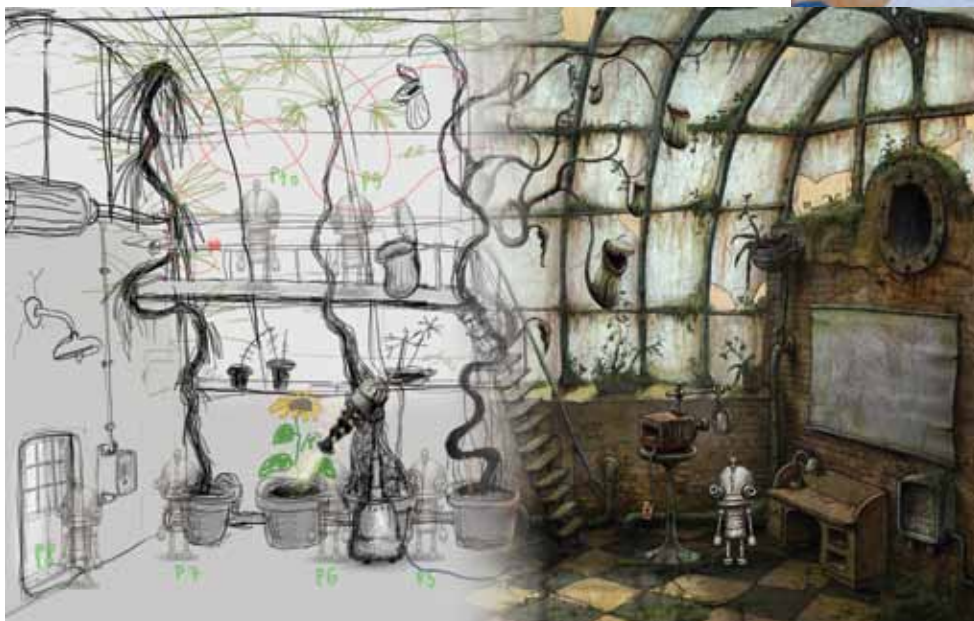


▲ *Getting started is one of the hardest parts of the creative process. Once rough sketches surrounding the basic concept and character design are completed, the rest of the work can begin.*

◀ *To make the Machinarium world come alive, it needed a lot of small assorted ideas: puzzles, characters, environments, situations and detailed pieces of a story to create the final design. To collect these ideas and sketches we thought about the game day and night, and whenever an idea or vision came about we would write it down or draw it. Personally, I get most of my ideas while I'm on the train or out in nature.*



◀▲ Machinarium integrated these pieces into many classical adventure puzzles. For example, if you want to pass through the police control you must dress up like a policeman, and the only way to do that is to get a flashing light (beacon) and something that resembles the police hat (a colored traffic cone).



◀▲ Our level design process is free flowing—we make very rough drawings of locations while thinking about what should happen there. We draw a bit, think a bit, maybe repurpose some old, unused ideas—then we just keep drawing and thinking until it's perfect.

The Making of *Machinarium*

A Look Inside the Creative Process



◀▲ Most of the people in the city are good robots, but there are also bad robots—namely three villains from the Black Cap Brotherhood who are just preparing a bomb attack on the central tower where the town ruler resides. Of course the main hero, Little Robot, must stop them—and also rescue his friend Robot Girl.



◀▼ We wanted *Machinarium* to be quite a hard game with many tough puzzles—it's totally intentional. We wanted it to be a game for clever people.





◀ ▲ The creative process is all-encompassing—sketches and props are everywhere. These photos illustrate the creative process of the artist's desk with initial sketches and the final product.

Putting together the whole team ▶ of seven people was perhaps the most important part of the whole development process. Everybody has to be really passionate about the development since it's a long and sometimes frustrating process.



Speaking of Voice-over

Ten Secrets for VO Casting and Production

By Nick Thomas



Nick Thomas began his career in the pop music scene and spent the majority of his time as the lead Engineer/Mixer for Grammy award winning producer

Walter Afanasieff. Over these years, Nick engineered and mixed records for a long list of Sony Music artists, including Destiny's Child, Celine Dion, Carlos Santana, Jessica Simpson, Michael Jackson, Darren Hayes, and Ricky Martin to name a few. Nick then transitioned out of the mainstream music industry and opened SomaTone Interactive Audio along with current partner Kane Minkus. Initially, SomaTone focused on film and advertising production, including feature films, national ad campaigns, and core games. Over the last five years SomaTone transitioned into casual game audio production as the primary focus of the business and has now produced over 500 casual game soundtracks, providing original music, SFX, VO production, and integration expertise. Currently SomaTone operates studios in Los Angeles, Emeryville CA (headquarters), Vancouver Canada, and Munich Germany. He can be reached at nick.thomas@casualconnect.org

Voice-over (VO) is one of the best tools to enhance the production values of a game. It's a wonderful way to engage players and add longevity to a story through character personalities and engaging dialogue. However, VO production can be expensive, and if it's done poorly, VO can significantly detract from what might otherwise be an excellent game.

So, if you're working on your next game and considering adding VO, following these ten suggestions will help ensure successful results.

1. **Write a good script.** That's right: An obvious but often under-developed component of voice production is the script the VO producers have to work with. If the script is poorly written, with lack of character development, poor dialogue, and uninspired or irrelevant content, even the best actors and directors cannot create engaging performances. There are many talented script-writers working in the gaming industry who can take your rough draft and expand it into a high-quality script.

2. **Go to where the talent is.** After you have spent weeks or months laboring on your script, and you have all your characters defined and great dialogue in place, do yourself a favor and have this material produced in a city that has great talent options. Home-baked VO, with inexperienced actors (or worse yet: friends and colleagues), is the best way to take a great script (and game for that matter) and ruin it. If you live in New Mexico, or Minneapolis, or even Seattle, you might want to consider producing your VO where VO gets produced, namely: Los Angeles, San Francisco, Chicago, or New York. In the end, selecting from a deep talent pool and working with experienced producers will be well worth it.

3. **Casting is half the battle.** Spending the time to cast the talent is one of the most important steps you can take in the pre-production of your VO session. Do not be sold or misled by "character demos" from the talent or even credits from previous titles. Script-specific casting for *all* of your major characters is essential to bring your script to life. If you're able to hear the actors performing the lines for your game while still in the selection process, you will be able to make highly-informed decisions on which voices are the best match. Furthermore, you can provide the director notes based on the auditions and cite areas for improvement before the recording session begins. Any reputable VO production facility should provide auditions (generally three-to-five options per character) as part of their package of production services.

4. **Watch out for localization issues!** Which of these sounds better to a player in the United States?

A. "Peter, can you hand me that remote control? I want to watch the television and see if there is a funny program on."

B. "Hey Pete, can you hand me the remote? I wanna watch TV and see if there's anything funny on."

Option A was obviously written overseas and translated by someone who didn't take the time to *localize* the text. We see this all the time, and it is painfully obvious when a foreign developer has written the script or had it poorly translated. To counter this, there are a few options.

- Take the time to read the final script before it is sent on to the VO producers. Try and hear the dialogue in your head, and then smooth out the diction. The best way to check this is to *read it out loud*. Spoken dialogue is quite different from written language, and reading out loud is the best way to hear how your lines will sound.

VO is one of the best tools to enhance the production values of a game, but if it's done poorly, it can significantly detract from what might otherwise be an excellent game.

- Ask the VO production company to localize the text for you. Let them know that they're working with a translated script that may need to be adjusted a bit before the actual recording session.
- Specifically state whether the directors have the freedom to make adjustments on the fly during the recording session. This can get complicated, especially when on-screen text follows the spoken lines, but if possible allow the directors the freedom to make adjustments as needed. Later you can ask your QA department to find the discrepancies and fix the subtitles.

5. Find your director and communicate the vision for your project. The director is the conductor of your VO orchestra. This person must manage the schedule, the talent, and the script, understand all the subtleties of the characters, and be confident to make adjustments and suggestions in the session. They are responsible for keeping the talent on track and for completing the session inside of the time allotted. They must inspire dynamic performances and recognize when an actor is stuck. The director must be able to tell the producer when it's time to stop talking so they don't spend 15 minutes before each line communicating the history of the character and the layers of conflict within the scene (when simply saying, "give it to me with more passion" would do the trick). The director is responsible for the success or failure of the VO session, so choose wisely.

6. Participate in the session. Regardless of where you are or where the VO is produced, there are numerous ways for the game designer, writer, and/or producers to participate in the recording session. Being a part of the production allows you to make on-the-fly corrections and modifications. Bringing the game producers into the session allows for immediate consensus about the best performances to select in the editing phase. A commonly arranged alternative is a phone-patch session, in which you can have multiple people call into the session and virtually participate in the session remotely.

7. Get it right the first time. Iteration with VO does not come cheaply. Talent fees, studio time, editorial, and direction all carry expenses that must be covered every time a session is required. If changes are made to the cast, the script, or even the performances, a "pick-up" session must be booked with its associated fees. Before you book the talent, be sure the script is final, the cast is right, and the schedule is manageable so that everything can be done correctly the first time.

8. Put character direction in the script, or provide a separate document with info on each scene. It's surprising how many scripts we have to work with that provide nearly zero background on the scenes or game storyline. If the game producer or designer is planning to be present for all the VO sessions, that may not be a problem. However, there are very few producers who can spare the 10 to 20 (or more) hours that VO production might require. Without specific character and scene direction, there is limited information available to deduce the context and intent of a given line.

For example, if the script merely says, "I knew it was going to happen this way...", there may be no way to know if the character is crying, joyful, or merely pissed off that someone cut him off in traffic. Providing brief notes on the "tone" of the lines is critically important for a director to accurately navigate a script.

9. Think creatively about the implementation. Are there instances in which the game player will hear the same line repeatedly? Perhaps you're working on a sim game with basic unit responses, or an adventure game in which the player speaks the name of an item or refuses to perform certain actions. These short phrases can become mechanical and repetitive when heard over and over. Why not record five versions of these commonly used short phrases, and then randomize their playback so the characters can exhibit a bit of personality—even when saying "I can't go there" over and over again.

Likewise, VO doesn't have to be limited to storytelling. For instance, in a hidden object game (such as *Mystery Case Files* with Madame Fate), you might record a series of VO effects such as laughter and short phrases to tease a player for using too many hints, moving too slowly, or to commend the player for doing well. VO can be a great tool for keeping a player engaged in the game.

10. Do your research. Many games have been enhanced with the addition of voice-over—so take the time to learn from the success of others. *Mystery Case Files*, *Ranch Rush*, *Emerald City Confidential*, *Mystery Legends Sleepy Hollow*, *Avenue Flo*, and *Sherlock Holmes* are just a few recent titles with rich character voices that have greatly improved the game playing experience. ■

If the script is poorly written, with lack of character development, poor dialogue, and uninspired or irrelevant content, even the best actors and directors cannot create engaging performances.

Casual Games Postmortems

More Lessons of Success

You've heard it before: We always look forward to looking back. Which is, you know, the whole point behind our postmortems. So here we go again. What you do with the information is your business.

—ed.

Game: *Big City Adventure: New York City*

Developer: Jolly Bear Games

Publisher: Jolly Bear Games

Scott McRae, CEO

*Following the success of *Big City Adventure: San Francisco* and *Big City Adventure: Sydney*, what did you set out to accomplish with the third title in the series?*

McRae: The primary aim when we started *Big City Adventure: New York City* was to give our loyal fans even more of what they loved in the first two games: more locations, more postcards, and more mini-games. We also wanted to add a little extra to the game-play to give our players something else to search for in each location. This led to the pop-up scenes (which have proven to be very popular, by the way). We also strove to fix some of the little irritations that players had shared with us via email and in the forums. For example, as our players became better and better at hidden object games, they tended to find and click objects faster. The first two games in the series had a slight delay that prevented really fast clicking of objects. So we worked to ensure that objects could be clicked as fast as you could find them in the New York version, which many of our players have already thanked us for.

We definitely felt pressure to keep the quality high and provide a great experience for our fans. One thing about creating casual games that we find especially rewarding is that we receive so much great feedback from our players. When you have such a passionate and appreciative audience, there is definitely a desire not to let them down. To us, players are not just an abstract notion. We hear of their experiences with the game and we get to know them. They tell us what they like

For us, the players are almost like an extra member of the team. Many great suggestions have come from players.

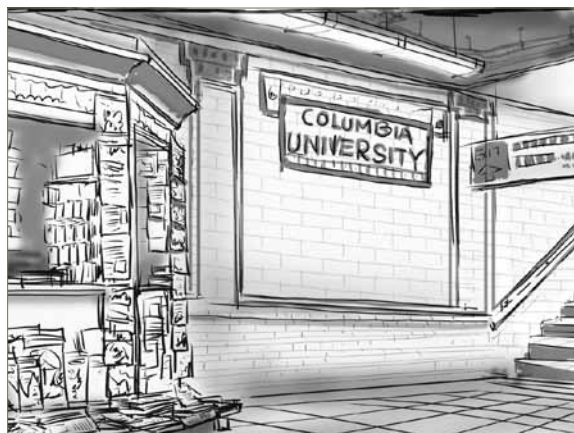
and what they don't like—not for any financial return, but because they love the games and want to feel a part of them. So for us, the players are almost like an extra member of the team. Many great suggestions have come from players, and we are thrilled when we subsequently receive confirmation that a change we have made is exactly what our fans wanted.

How did you decide on New York as the location for your next adventure?

McRae: It was a very easy choice. When you think of big cities, New York is always one that comes to mind—so in that sense, it is an obvious choice for a game named *Big City Adventure*. We also have many players expressing a desire to see us visit a particular city, and when we began thinking about our next title New York was at the top of the suggestion list.

As it turned out, it also helped that one of our team members had spent a lot of time there. Her familiarity with some of the lesser known locations





◀ From concept to final artwork: (top to bottom) the Subway, Theater District and Bleeker Street.



As our players became better and better at hidden object games, they tended to find and click objects faster.



So we worked to ensure that objects could be clicked as fast as you could find them.

proved very useful during the game design phase. New York also turned out to be a great choice because of the sheer number of possible locations we could visit. New York is an amazingly vibrant and diverse city, and consequently we had more locations to choose from than we could ever possibly cover in one game.

What aspects of the development process did you find particularly challenging or frustrating?

McRae: Putting the game together went remarkably smoothly—not surprising really. We have a very talented and experienced team that had already developed two previous games in this series—plus our designer had an intimate knowledge of New York City. At times there

were a few miscommunications, but that was largely due to the distributed nature of the team. We had people in Vancouver, Seattle, and San Francisco all contributing to the final game. Fortunately, technology is mature enough now to allow for such virtual teams. A combination of Skype, electronic whiteboards, and an FTP server can take the place of a real office. In fact, in the end, only one member of the team spent any regular time in our official office. Nearly everyone preferred to work from home, and they were such a dedicated group that productivity was actually higher that way.

It wasn't always totally smooth sailing, however. As with most things we do, it turned out that life itself got in the way more than anything else during the development of *Big*

City Adventure: New York City. Unfortunately, some time was lost along the way due to some happy and some not so happy circumstances: a birth, two marriages, some serious medical problems, six feet of snow, and bears crashing through fences (really!). Everything turned out well, but it was those distractions that caused us the most trouble during development.

What did the dev team enjoy the most about creating this game?

McRae: Every *Big City Adventure* has been a great deal of fun to make. We get to explore some wonderful cities and we always learn some really fascinating facts about the cities we explore. In designing the Sydney title, we even took the

Casual Games Postmortems

More Lessons of Success



whole team to Australia. It was definitely a work trip, but we also had a great time playing tourist as well. It's great work if you can get it!

One of the great benefits of making casual games is that you can still use smaller teams. That way, each person can feel they are truly a

part of some aspect of the game, rather than being a small cog in a giant machine. Many of the members of the Jolly Bear team have previously worked for larger organizations, but they found their way into casual games after becoming rather disillusioned with their previous jobs. For example, prior to joining our team one of our artists spent a year designing nothing but 3D wheels; another spent six months just designing 3D hair. As you would guess, when an artist can tackle an entire scene and

own every aspect of it, it's a far more rewarding existence. In fact, the other day one of our artists blurted out (with a big grin): "I didn't know you could actually have fun being an artist."

We are the lucky few who have found something that makes us happy and that we get paid to do. We create games to make others happy, but it turns out we can sometimes also change their lives. We have received some very touching emails from people who have played our games, such as a grandmother who had never really connected with her grandchildren until they started playing *Big City Adventure* together; the elderly man who was finding that games like *Big City Adventure* were helping him to stave off Alzheimer's; the woman who thanked us for helping her cancer-stricken daughter get through the day. Those are the things that make what we do worthwhile. We didn't set out to save the world, but it's humbling to know that we have added some joy to the world and made a difference. What more could you ask for than that? ■

▲ *The game's New York City map*
The characters found in Big City Adventure: New York City. ▼






◀ Some of the mini-games found in Big City Adventure: New York City.



One of the great benefits of making casual games is that you can still use smaller teams. That way, each person can feel they are truly a part of some aspect of the game, rather than being a small cog in a giant machine.



game developer
game publisher +

YoudaGames

Distribute your games through our network
and reach over 25 million people!

youdaGAMES
time to **distribute**

bizdev@youdagames.com

Casual Games Postmortems

More Lessons of Success



Game: *Osmos*

Developer: Hemisphere Games

Publisher: Hemisphere Games

Eddy Boxerman, Lead Designer/Developer

The game concept for Osmos is very different. Where did you get the idea? Could you explain the background and decision process that led you to the design?

Boxerman: It was the result of a lot of background thinking related to courses I took over the years on deformable modeling and spacecraft dynamics. I originally had a more complex game in mind which was closer to a lava-lamp simulation, but at one point I was struck by a simple abstraction of those ideas which could be prototyped quite quickly. The first idea isn't new: absorb things that are smaller than you, and avoid being absorbed by things that are larger. However, coupling this with a second idea—namely, conservation of inertia and mass—made a huge difference in the nature of the game. You have to eject bits of yourself for propulsion, which causes you to shrink. That risk/reward structure, all tied to the player's size and momentum, provided a small set of rules which could lead to balanced, complex, and emergent game-play. This is something that has always fascinated me. Once struck by the initial idea, I put together a simple prototype over the course of a couple weeks. As it turned out, with some creativity and passion, those core mechanics were

I originally had a more complex game in mind which was closer to a lava-lamp simulation.

rich enough to flesh out into an entire game. Exploring those mechanics was a very rewarding process, as there were many interesting possibilities waiting to be discovered.

Physics-based games present their own special challenges. How did you figure out how to make it fun?

Boxerman: My background is actually in physics programming, so this was a natural direction for me. Once I had tweaked the initial prototype so that it felt good, I wanted to start adding variety and challenge. My first thought was to create AI opponents (or motes, as we call all these floating particles), but it turned out to be a hard problem. So as a quick way to add interesting adversaries, I simply added motes that exerted gravity, causing them to grow faster. This added a lot of challenge, but these "Attractors" kept merging, causing the level to grow too difficult too quickly. In the end I "cheated" again, and made the Attractors repel each other, leading to long-term stability in the

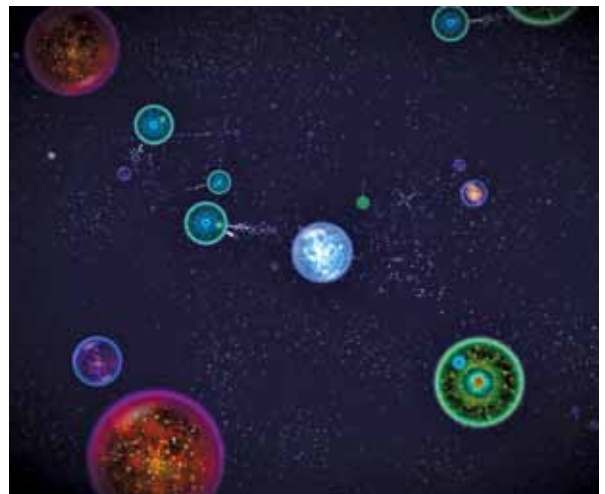
levels. This level type continues to exist in the game today, along with single-Attractor, solar-system type levels, "Repulsor" levels, and more complex orbiting systems. We call these the "Force" levels, and they make up about a third of the game.

Being a programmer, I tended to use a lot of procedural techniques to build levels and control the difficulty. For instance, by changing the initial velocities or statistical distribution of motes in a level, I could drastically alter the pacing and difficulty of a level. Over time, I came up with more and more of these "sliders"; and in a sense, the final game is a presentation of the interesting regions of that huge slider-space. That said, there are quite a few mote and level types we've explored and developed, each with its own characteristics. And it's likely there are still interesting variations that we haven't discovered yet.

The art style is also unique. Please explain the choices you made in this area.

Boxerman: For the first prototype, I tried basing the style on some paintings by MARS-1 which I liked—thinking this would give an abstract yet

The idea isn't new: absorb things that are smaller than you, and avoid being absorbed by things that are larger.





I put a lot of effort into choosing music and sound effects that complement the game and graphics, and I tried as much as possible to make the game itself seem like an extension of the music.

◀ **Accepting the D2D Vision Award at the IGF.**

unique and colorful look. But I'm not an artist and wasn't able to do it justice. The next iteration went towards something more spacey and very simple.

I then asked my very talented friend Kun Chang to help out. He liked the abstractness of it all and wanted to preserve it, going in the direction of microorganisms and electron microscopy. By the end of a productive evening, we had a simple mock-up and a few textures that were practically ready to use in the game. Over the next few weeks we created most of the textures we needed and decided to use a strongly layered approach: Each mote is actually the result of anywhere from one to seven layered textures that are "pulsed" in size, shape, orientation, color, etc. in order to give a sense of richness and "life." Closer to our release date, I got inspired by the awesome work of Robert Hodgkin on Flight404 and spent some time adding various physics-based particle systems to the motes.

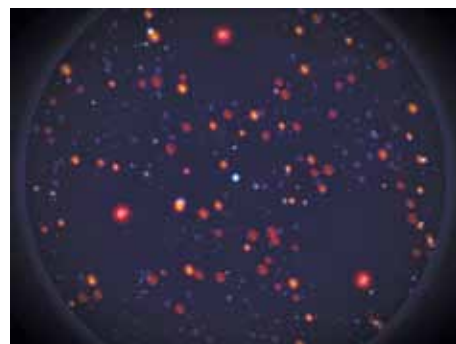
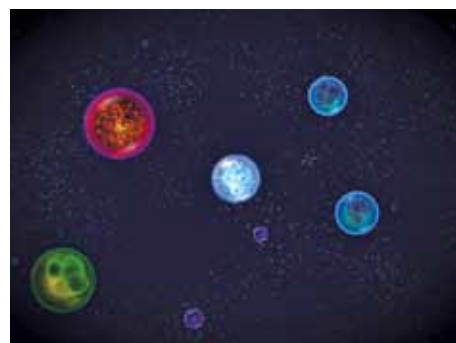
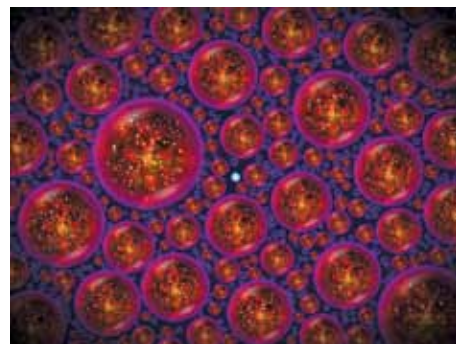
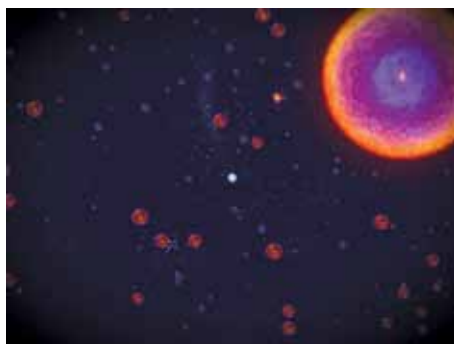
What can you tell us about how sound factored into the game-play and design?

Boxerman: Even during the first prototype I spent about half my time on sound and music. I was listening to a lot ambient electronica at the

time, and given the feel of those first few levels, I felt that the perfect song would be Lucy Dub by Loscil. From there I discovered the amazing music of Mat Jarvis (who has since become a great collaborator), as well as that of Julien Neto and Biosphere (all of whom contributed music to the final game, I'm pleased to say). I put a lot of effort into choosing music and sound effects that complement the game and graphics, and I tried as much as possible to make the game itself seem like an extension of the music.

Technically, the sound engine is a wrapper we've built around OpenAL. At a basic level, all we ever do is mix and adjust the gain and pitch of our sounds and music. This allows us to run on generic sound hardware. But we do make extensive use of those "effects," and it's possible to get a great deal of variety and feedback with them. In the end, it's all about the quality of our sound sources and the algorithms that adjust and smooth the gain and pitch of each. ■

The first prototype was based on paintings by MARS-1, after iteration, the art went in the direction of microorganisms and electron microscopy. ▶



Five Tips for Managing Risk and Fraud in Mobile Payments

A Guide for Merchants

by Martine Niejadlik



Martine Niejadlik has over fifteen years of experience creating and leading risk management, fraud prevention, and analytics for payments leaders across the Web. Before coming to

BOKU, she spent over five years at PayPal and eBay, where she managed the team responsible for proactive detection of fraud, credit risk and policy compliance. She joined Amazon.com in 1999 as part of the Accept.com acquisition and thereafter was an instrumental player in the design and development of Amazon's risk detection engine, covering payments for both the company's retail site and its payments platform. Martine can be reached at martine@boku.com.

It's an unfortunate truth of business that where there is money to be made, there are people trying to do bad things to get their hands on it. If you've taken payments from customers, then chances are you've encountered some of these risks. Cash and checks can be counterfeited, checks can bounce due to insufficient funds, credit card numbers can be stolen—there are numerous possibilities.

Mobile payments are new and rapidly growing, and like all forms of payments they come with risks that need to be understood and managed. Here are my Top Five Merchant Risk and Fraud Tips for Mobile Payments (some of which are useful for other types of payments as well):

Tip #1—Know the Rules

There are two types of rules for mobile payments. The first set of rules are legal requirements, such as those in place to ensure that:

- payments are not being processed for online gambling or otherwise illegal activity or content (such as child pornography).
- payments that indicate potential money laundering are reported to the proper authorities.
- merchants comply with any licensing requirements or payment regulations.
- there are proper consent and disclosures under the Children's Online Privacy Protection Act (COPPA).

Since such regulations will vary by jurisdiction, you should consult with a lawyer to determine which rules apply to your business and how. (And let's be clear: I am *not* a lawyer.) For example, whether or not you need to comply with COPPA will depend specifically on the type of primary customers your business caters to.

The second set of rules comes from the mobile carriers. These rules may include:

- *Spending Limits*—Each carrier has varying restrictions on how much a user can spend on a particular mobile service. These limits may be applied to transaction amounts or spending amounts over a given timeframe. What's more, spending limit notifications are also sometimes required.
- *Terms and Conditions*—Specifics on what needs to be disclosed, how it needs to appear in the payment flow, etc.
- *Payment Flow Experience*—Carriers may stipulate where the pricing should be displayed, what size fonts should be used, or where the information must appear in relation to other information. (For example, some carriers require that the price appear near the phone number entry field.)
- *Customer Support*—What hours need to be supported, what methods of support must be offered (email, phone, etc.), local language requirements, voice mail requirements, etc.
- *Compliance*—What kinds of businesses and content are allowed and the specific requirements for each service (for example, disclosures that state when a service will have ongoing messages delivered).
- *Dispute/Refund Rates*—Process for handling refunds and associated fees and penalties.

These rules can vary not only by country, but also by the carrier within a country, and the list of rules goes on and on. If you're interested in learning more about mobile compliance, a great place to start is with the MMA Best Practice Guidelines, which can be found here: <http://mmaglobal.com/bestpractices.pdf>.

Since the rules are very specific and they change over time, you should not assume that what's okay for one website or service is okay for another. Make sure you check with your payment provider before offering mobile payments on new features or businesses. Knowing the rules (or working with someone who does) will help you to avoid negative actions such as carrier penalties and fines, service interruptions or account closure.

Tip #2 - Know Your Customers and Treat Them Right

One of the common complaints from customers is that they haven't received the product or service they were offered or that what they received was not what they expected. In either case, such a complaint can result in a chargeback, which is a reversal of the proceeds from the transaction—possibly with some fees added on. To avoid chargebacks, make sure that you set clear expectations on



115 Million Unique Visitors Monthly



45 Casual Game Sites in 17 Languages



**Contact us: partners@spilgames.com
www.spilgames.com**

Five Tips for Managing Risk and Fraud in Mobile Payments

A Guide for Merchants

what is to be delivered and when, and ensure that you provide timely customer service to resolve complaints quickly. For example:

- *Be clear about timeframes on fulfillment.* If it normally takes several hours for credits to show up in users' accounts, let them know that up front.
- *Specify any restrictions on the product being purchased.* For example, if credits can't be used on all products, or if they can't be transferred if users "upgrade" their accounts, make that clear from the beginning.

Risk Management is as much about handling issues when they arise as it is about being proactive to avoid issues. Helping customers understand the things that can go wrong and how to avoid them is a great means of prevention. If you need help in educating your customers, you can visit my blog (<http://blog.boku.com/2009/07/23/consumer-safety-tips/>) for some helpful tips.

Chances are that no matter what you do, though, you'll still have some customer issues that arise over time. When you do encounter customer complaints (particularly those which result in chargebacks), make sure you carefully track them in as much detail as possible. Which customers charged back? How many times? What percentage of their activity resulted in a chargeback? Why did they issue a chargeback? You'll see why in a bit.

Tip #3—Know Who Has the Liability (and If It's You, Make Sure You Mitigate It)

Whenever anyone asks me about risk, one of the first questions I ask in response is: "Who has the liability?" In the payment space, liability often lives with the merchant; in mobile payments this can vary significantly depending on the market and the carrier. When you first set up a mobile payment service, make sure you know if you have liability and how it's structured: Are there chargebacks? When should you expect to see them? What information is provided? Are there any penalties or fees in addition?

Once you know about the liability, you now need to know about mitigation. Your mobile payment provider may have fraud systems in place to help you reduce risk (and if they do, that's great). But, if the liability lives with you, then it's probably a good investment of time to create your own systems and rules (and don't wait for your first chargeback to do it).

Optimizing a risk management system to pick out the bad activity while minimizing "false positives" that flag good activity is not simple; most large merchants, banks and payments companies have large departments of people who do this. One basic thing you can do, though, is utilize negative files. If accounts have too many chargebacks, or if there is evidence of fraud or any other abuse (such as abuse of a promotion), don't just close the customer's account—instead, add all the information you have on that customer (name, email, account information, etc.) to a negative file and look for matches to that file when new activity occurs. Be careful, though: You don't want to blacklist an entire IP address just because one customer who used it was bad. You also don't want to decline John Smith just because another John Smith abused a promotion. Instead, use this data as a strong indicator of potential risk. Also, look for similarities among negative files and not just exact matches, particularly with string variables; wouldn't it be nice if the computer could find a match between "123 Main St #1" and "123 Main street, apt 1", for example?

Tip #4—Secure Your Systems and Your Password

Okay, so we've all done it before, but using a password of *password* or using the same password on many websites simply isn't secure—especially if you are the merchant. Imagine that someone was able to break into your merchant account, change the bank account number to his own, and start receiving your funds!

Select your password carefully. Don't use a word from the dictionary, your company name, your birthday, your kids' names or anything that could be easily guessed. Instead, choose one that's relatively long (at least 8 characters) and that contains numbers or special characters

Keep your password safe. You might have multiple people in your business who need access to the account, but share it only on a need-to-know basis and change it often. You don't want a disgruntled or former employee accessing or changing sensitive information for your business.

In addition, make sure you understand what security is in place when communicating with payment providers, and be sure to follow their guidelines carefully. Also, make sure you keep your anti-virus software up to date and that you run regular scans of your systems. Of

course, depending on your size you may not have a security expert on staff, so consider hiring a security consultant to assess how vulnerable your systems may be to attack.

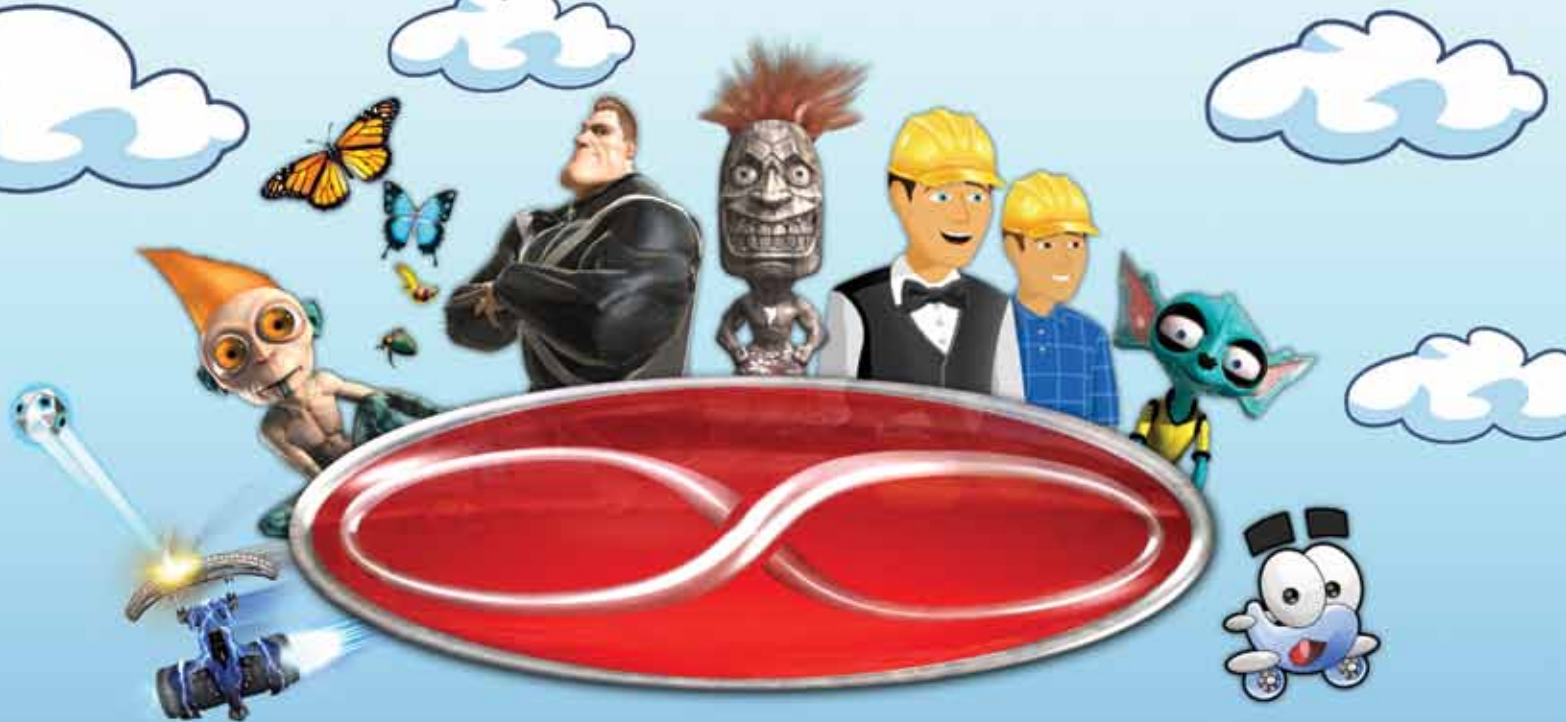
Tip #5—Watch Out for Social Engineering

Look out for (and train your employees to look out for) unusual requests, as these might be attempts to "socially engineer" you to provide information that you wouldn't normally give out. A few examples: requests for customer data, any information related to your account or login or any sensitive information about your company (for example, "I'm looking for the CFO"). If someone calls you and claims to be from a partner or authoritative agency, then get evidence of that before you release anything sensitive. Also, it's important to note that these requests can come in any form. You may be familiar with spam that points you to spoof websites, but what about calls to your customer service department, SMS messages to your employees or chat applications? Bad guys are using a variety of techniques these days and some of them are quite convincing!

Conclusion

If you follow these five tips, you'll be well prepared to explore the world of mobile payments and grow your business by opening up a new way for customers to pay. Keep in mind that risk management is not about having 0% fraud rates; it's about being aware of what the risks are, tracking them regularly and carefully and taking the necessary steps to mitigate them on an ongoing basis. Don't let your first chargeback scare you and cause you to take drastic actions such as shutting out an entire country; instead, use the scalpel approach. Also, make sure you look at all aspects of cost when evaluating your business and choosing providers; don't look only at the surface cost and payout rates, but also take customer service, risk management, tools, refund rates, and other "back office" functions into consideration. They could have a big impact on your bottom line.

The potential customer base for mobile payments is huge—over one billion people already. It's a global marketplace, encompassing markets that you likely aren't reaching today. Already the growth is phenomenal—so what are you waiting for? Get in on the opportunity, but do it thoughtfully and choose wisely. ■



Reflexive®

Ready to Publish?

Get the most out of your game!

- Distribute on Reflexive.com and our 500+ affiliate partners.
- Use our great relationships with all the other portals.
- Put our passion and experience to work for YOU!

Contact us at: publish@reflexive.com

Reflexive.com

Moving Toward Click-for-Currency Incentives

An Alternate Approach to Casual Game Monetization

by Susan Su



Susan Su is a writer and researcher in the social gaming and virtual goods industry. Susan's on-the-ground experience in social games and monetization includes Gambit Payments,

the payments provider that first launched effort-based offers, and hi5.com, the social network that has made a successful play as a social gaming network powered by virtual goods. Susan can be reached at susan.su@casualconnect.org.

Throughout 2009, promotional offers were seen as a promising and lucrative method for monetizing free-to-play, casual game users. Many users who were not willing or able to pay directly with credit cards, PayPal, or mobile service accounts were willing to engage with promotional or lead-generating offers in order to earn virtual currency for their favorite games.

But a controversy around promotional offers—labeled by many in the press as a “scandal” and a “crisis”—stirred up the social games payments industry in late 2009, and a rapid restructuring began to take shape. If promotional, lead-generating offers—the golden goose of the casual games industry—were downsized or eliminated, what would be next for monetization? Now that Facebook and other platforms have taken dramatic steps to regulate all advertising and promotions—including special offers—within applications, where will developers look for their next revenue stream?

Background on Promotional Offers with Virtual Currency Rewards

Promotional, lead-generating offers are viewed by many in the industry as the cash- or credit-strapped user's best alternative to direct payment. A casual game user can opt to accept a promotional offer as a way to earn virtual currency instead of paying directly with a credit card, PayPal account, Amazon Payments account, or mobile service account. Consumers earn virtual currency in exchange for a variety of activities that are valuable to marketers: completing a marketing research survey, signing up for a subscription (to, say, Netflix), or participating in a product trial.

For many game developers, such offers have served as an effective “on-ramp” to virtual currency for their uninitiated users. Over 90 percent of users who play free casual games never make a purchase. For the 10 or so percent who do, promotional offers can be an enticing and easy introduction to the virtual goods experience.

One payments provider found that a user is up to three times more likely to complete another transaction—and more likely to opt for direct payment methods on subsequent transactions—after accepting a promotional offer for the first time. This is most likely because many offers—especially lead-generating enticements to sign up for a subscription or product trial—have a natural limit to the number of times a user will want to participate. Additionally, users can earn only a limited amount of currency by completing a promotional offer. As users become more engaged with a game and with the virtual goods they are able to purchase with their first infusion of virtual currency, many move to direct payments. Direct payments are still a faster and more efficient way to acquire the large sums of currency necessary to purchase bigger and better goods.

Changing the Rules of the Game

In late October 2009, the “Scamville” series debuted on the popular technology blog, TechCrunch.com. In that series, TechCrunch founder and editor Michael Arrington called out promotional offers for the poor user experience that some offers provided, implying that many offers tricked end-users into signing up for costly trials and subscriptions that they hadn't bargained for. According to Arrington, the fine print was too fine (or nonexistent), and payments providers, game publishers, and social platforms themselves were all responsible.

Shortly after the series ran, the industry's leading social platform for gaming applications—Facebook—announced significant changes to their Advertising Guidelines, the set of rules governing advertising content and practices on their main site and on their platform. While Facebook was not the only platform where social games were thriving and generating significant revenue, it was the

Now that Facebook and other platforms have taken dramatic steps to regulate all advertising and promotions—including special offers—within applications, where will developers look for their next revenue stream?

Facebook... was the first to adopt a strong stance against low-quality promotions. Shortly thereafter, other platforms, including MySpace, followed suit.

first to adopt a strong stance against low-quality promotions. Shortly thereafter, other platforms, including MySpace, followed suit.

For Facebook at least, taking this kind of stand actually had an associated cost: Big game publishers like Zynga paid tens of millions of dollars in advertising fees to the platform in order to get the word out about its latest game properties, and these same game publishers owed between 10% and 30% of their revenue to promotional offers. But, although promotional offers had heretofore been a critical part of the thriving virtual goods ecosystem on these social platforms, many platforms were nonetheless recognizing that the cost to end-users, and to their brand image, was not entirely worth the bump in revenues.

Guideline changes significantly modified the types of promotions that Facebook would allow on its platform. Specifically, Facebook singled out promotions in which the payment or delayed payment obligation was unclear. In order to comply with the new guidelines, the game publishers and promoters operating on Facebook's platform removed a number of promotions that were in the gray zone of compliance.

For its part, Zynga, which was the largest game publisher on the Facebook platform at the time, announced that all promotional offers would be stripped from its games until further notice. For many game publishers, removing a portion of their promotional offers meant a significant reduction in revenue—revenue that fueled important technical, creative, and business development initiatives. According to some estimates, other publishers had to say goodbye to as much as one-third to one-half of their total revenue as a consequence.

For the advertisers supplying these promotional offers to payments providers (who then fed them through to game publishers), the guideline changes posed a significant challenge to one pillar of their core business: lead-generating promotional offers. But to be clear, not all lead-

generating promotional offers are bad. There are high-quality promotions that cater to users' existing interests and online behaviors. High-quality, targeted promotional offers will likely increase in number as providers set higher and higher standards for the types of promotional offers they will serve.

Introducing Effort-Based Monetization

In response to the increase in regulation and scrutiny, advertisers, payments providers and publishers began looking for alternative breakthroughs in casual game monetization. One such alternative is to offer users virtual currency as an enticement to perform short bundles of web-based tasks. Tasks can include tagging photos or other content with keywords, or classifying content into searchable categories. The idea is similar to Amazon's Mechanical Turk except that users complete tasks for virtual currency instead of for real cash. One appeal of this approach is that it may well monetize user segments that have previously proven very difficult to monetize via promotional offers and direct payments. Typically, these are users with limited disposable income and/or without access to payment accounts: younger users, for example, or users in emerging markets outside of the U.S., Canada, Australia, and Western Europe.

As currently implemented, such tasks require approximately ten minutes' worth of effort to earn a small sum of virtual currency. Since users must merely complete a certain set of basic, web-based actions, there is a much lower barrier to the transaction. Consequently, it may be easier to entice users to have their first experience with virtual currency and virtual goods. And if this first experience turns out to be a positive one, they'll be more likely to return.

Effort-based monetization methods like these task-bundles differ from promotional offers because the user is not required to engage in subscriptions, product trials, or even surveys in order to earn virtual currency. Many of the previous promotional offers required that the user

Gambit Tasks live in the monetization panel for a casual game.

enter a credit card, which might subsequently be charged at the end of a product trial period, for example. In contrast, the user's relationship with effort-based promotion sponsor effectively ends as soon as the tasks have been completed.

Will users permanently bypass direct payment in favor of effort-based monetization? Probably not. Performing tasks takes time, and the tasks do not earn users the high sums of virtual currency that most engaged users are looking for. Even so, the initial results of this new approach to monetization have been somewhat promising. Since one payments provider, Gambit Payments, launched its own effort-based monetization channel in October of 2009, there has been increasing interest in getting users to trade time (and effort) for virtual currency. However, maintaining sufficient task inventory has proven to be one early problem that will most likely be solved by the entrance of more players in the effort-based monetization space.

Conclusion

High-quality, promotional offers will likely remain an important monetization method in the years ahead, especially as social platforms establish and maintain improved quality standards and payment providers continue to identify ways to engage and monetize the many users who are currently playing casual games without paying for them. The industry should expect to see many new product innovations from both payments providers and game publishers as both parties work closely to add value to the overall casual gaming experience on social platforms. Expect 2010 to be a year of intensive product innovation and growth across the industry. ■

The Future Is Now

Earn Tomorrow's Revenue Today Through In-App Commerce

By Simon Jones



Simon Jones is a 20 year veteran of the hi-tech world. After spending a decade in the travel industry, he moved to the Silicon Valley in 1996 to help craft websites for the surprisingly still-new-and-exciting

Web Boom. Since then, he has worked in marketing and e-commerce for companies large and small, including Interwoven, Hyperion, Adobe and now Plimus. Today he manages the marketing efforts for Plimus, an e-commerce provider supporting thousands of merchants, and millions of transactions a year. He can be reached at simon.jones@casualconnect.org.

Let's say you have a player who has bought the first in a three-title set, and each time she closes the game, you encourage her to buy title number two. Or perhaps you have a player in a networked MMPORG who faces an impending duel to the death, and before the big showdown you encourage him to purchase a new broadsword to improve his chances. These are both examples of in-app commerce: offering a customer the opportunity to transact business *within* a game. In fact, supplying your players with options, offers, and opportunities to spend post-purchase may become the key to your studio's survival and growth.

Where is In-App Commerce Coming From?

In the last year, we have seen casual gaming studios commit to building direct sales channels as a strategic move to counter the relentless downward pressure on prices from major distributors. We've also seen the mainstreaming of in-app activation, eliminating the irritating process of copying and pasting serial numbers from email to game, and (we hope) improving the relationship between developer and game player. At the same time, we've seen the explosion of "freemium" games on social networks: online multiplayer environments where you can (but most don't) earn virtual currency through your own skills, and you can (and most do) buy virtual currency if you don't have time or skills to do the earning.

This year, look for these phenomena to meet and combine as the advent of in-app commerce arrives and multiplies in double-quick time. In-app commerce provides a unique opportunity to extend the profitability of a title, regardless of downward pressure on the initial price. It also monetizes your install base and can help you tap into the social network-driven craze of endless gaming.

What is The Evidence In-App Commerce Is Really Coming?

Beyond the fact that every game studio I've spoken to in the last few months is, at the very least, nibbling around the edges of in-app commerce, the reality is that post-sale revenue is becoming a key part of the business model for the largest and most innovative games companies in the world. For instance:

- Blizzard sees substantial income coming from virtual currency within its fabulously successful *World of Warcraft* franchise. Face it: There's a reason there hasn't been much in the way of new installable, non-networked titles in the series, while there has been a lot of work on the online version.
- Zynga, innovative developer of social network-communicated games like *Mafia Wars*, has been in all the trade (and mainstream) press recently, specifically due to its ability to generate revenue from games that are technically free to play.
- Tapulous, creator of the ridiculously successful *Tap Tap Revenge* franchise for the iPhone and iPod Touch, has worked out how to sell the base software for next to nothing, then generate revenue by up-selling additional tracks.

Meanwhile, the rise of the "game club" within distributors' websites—which is to say, the offer that turns your \$20 title into a \$6.99 "investment"—is driving base payment potential for each game down precipitously. One developer I spoke with recently told me he can't imagine a new studio ever being able to start if it is stuck with only a portion of \$6.99 per unit sold—they'd never be able to recoup their original investment, let alone invest in the next title. On the other hand, if you can take

In-app commerce provides a unique opportunity to extend the profitability of a title, regardless of downward pressure on the initial price. It also monetizes your install base and can help you tap into the social network-driven craze of endless gaming.

the low initial revenue and add to it with ongoing sales—well, now there's a business model that can once again make sense.

And incidentally, in-app commerce turns out to be good for everyone. Distributors can continue to move product at the prices that make sense for their models; developers can build a model around a revenue stream sufficient to maintain sustainability; and players get the sort of social, interactive, and constantly-developing experience they're looking for.

Getting In-App Commerce Into Your Catalog

Ultimately, there are two kinds of in-app commerce: for the sake of argument, call them Up-sell and Cross-Sell. In this context, we'll call Up-sell the process of selling players additional elements for their game: virtual currency, avatar upgrades, that sort of thing. By contrast, Cross-sell is pitching new titles from within the one that the player already has: the next title in a series, another similar title from the catalog, and so forth.

Cross-sells are relatively quick and easy to implement with the right infrastructure behind them. You can set up the "nag screens" on your wrapper to display Internet-sourced ads triggered by particular events (like closing the game or the passage of a certain amount of days). Again, with the right infrastructure, you can even provide a "single click" experience, in which, by storing some key information about the player during initial installation, you can give the player the simple option to pay for the next game with the same payment instrument (credit card, PayPal, etc.) used to buy the current game. For multi-title series, adding this capability is a no-brainer—a thoughtful act of customer service even: Once the player has title number one, why *wouldn't* they want the next in the series?

Up-sells are trickier, though potentially more lucrative. More planning is required, because the game must be designed to allow for additional elements to be either uploaded (think: extra songs for *Tap Tap Revenge*) or unlocked (for instance, additional levels that are installed but not revealed to the player at first). With this design in place, however, the actual e-commerce, assuming a robust infrastructure, becomes relatively simple: Code in screens to make sales, use the single-click model to re-use prior payment instruments, then

offer away. Obviously, you'll need an e-commerce provider that can provide API access to the customer account and payment processing: You can either roll your own, or explore a service such as Plimus, which recently announced the availability of just such an API.

The Economic Benefits—And Risks

Imagine a \$10 title that can automatically up-sell *another* \$10 title—to a customer you don't need to market to again (other than via the installed game itself); and imagine that that up-sell is of a game that you have already built. That's \$10 straight to the bottom line. Or imagine a \$10 title that on average drives another \$5 a month of incremental revenues in virtual currency or level upgrades—for as many months as you can provide compelling content. The bottom line is your revenue potential on a game can easily double, triple or more.

On the other hand, imagine the risk of not getting aboard the train as the rest of the industry does. Developers will lower the price on games that generate revenues post-sale, putting downward pressure on the list prices for *all* games. If yours is the only catalog that doesn't take advantage of the opportunity, you could find yourself priced out of the market.

The math is neither obscure nor complicated: As the incidence of in-game commerce grows, you can either grow with it or be pushed to the sidelines.

Bottom Line: In-App Commerce Is Coming—So Get On Board

The combination of some of the strongest business dynamics in the games market makes in-game commerce almost inevitable: Ongoing revenue streams are finally, and inexorably, becoming the dominant business model. Take advantage today of the opportunity to cross-sell, and start to plan and implement your up-sell strategy. Then hold on for the ride, because it's going to be an exciting one. ■

Imagine a \$10 title that can automatically up-sell another \$10 title—to a customer you don't need to market to again (other than via the installed game itself); and imagine that that up-sell is of a game that you have already built. That's \$10 straight to the bottom line.

Four E-Marketing Resolutions

Boosting Your Success in the Months Ahead

By Paul "The Game Master" Hyman



Paul "The Game Master" Hyman has covered the video games industry for over 15 years; he currently writes for *Gamasutra.com*, *Game Developer*

magazine, and *ACM News*, among others. As editor-in-chief of *www.OpenMoves.com/games*—an e-marketing boutique—he creates e-newsletters for such game-related companies as *Ninja Kiwi*, *GameTap*, *FOG Studios*, and *Digital Artist Management*. E-mail Paul at paul.hyman@casualconnect.org.



Sample newsletters in Outlook (above) and Lotus Notes (right)

Below: Inbox previews



You know what's a real shame? When you have an important message for your clients and prospects, you've got a great database to enable you to reach out to them ... but no one opens the e-mail you send them. Or, worse yet: they do open your e-mail, but it looks so amateurish that it does more harm than good.

The bottom line is that you need to put just as much effort into preparing the e-mail itself—its look-and-feel, its HTML coding, its subject line—as you put into the message. Otherwise, you might as well not send it at all.

Here are four resolutions to boost your e-mail marketing success in the months ahead:

1. Use "split testing" to improve your e-marketing ROI.

It's also called an "A-B" test and it allows you to determine which subject line, which content, which "from box" will motivate more readers to take action—to either open your e-mail or to click on links inside. Just create two or more versions of your e-mail and send them to a portion of your mailing list. Let your e-mail platform determine which generated the better response-rate based on the criteria you chose, and then just deliver the remainder of your campaign using the "winning" version. We've seen open rates of 20% spike to 35%, and click-thru rates jump from 4% to over 10% just by trying two different subject lines.

2. Preview your e-mail to avoid disasters.

Most people don't realize that the same e-mail will look different depending on the platform on which it's viewed. Imagine perfecting your e-mail in, say, Outlook, hitting the "send" button, and having some readers receive a completely "broken" version (text jumbled, images distorted, lines out of whack) simply because they viewed it in, say, Eudora. It happens all the time—which is why you need to test for quality and consistency across all the platforms your readers use. As an example, see the two images below. They are of the exact same e-mail as viewed on two different platforms:

If you're not using an automated system like ours (which has testing capability built in), it's difficult to test for every possible e-mail platform. In business-to-business correspondence, the most popular platform is Outlook, but note that Outlook 2007 is not the same as Outlook 2003, and e-mail designed for one will not necessarily look correct in the other. Our best suggestion is to create e-mail accounts in several popular platforms—perhaps Outlook, Gmail, and Hotmail—and send yourself copies of the e-mail you created. If it fails the quality and consistency test, you'll need to go into the HTML code and make whatever changes are appropriate to the problem. Remember, you're putting all this money and effort into your e-mail campaign; if what you're sending is broken, what kind of impression do you think you're making?

3. How does your look-and-feel look and feel?

When you receive e-mails from lawyers, from restaurants, from software companies, do they all look the same? We think not—at least, not if they come from professionals who want to look professional. Sure, there are some companies that use cookie-cutter templates and stock photography because it's cheaper to do it that way. But marketing is largely about branding and creating an image that you share with no one. Take a look at your e-mail template and decide whether it gives your readers the impression you intend it to give. Do the colors, the typeface, and the logo mirror those on your website? Is the art reflective of your company? If not, it's time to upgrade, to customize. If your e-mail looks like your competitor's, what are you achieving?

4. Getting good grades? Check the reports.

Just as in school, it's hard to know how you're doing until you receive your marks—and, in the case of e-mail marketing, your "marks" are the reports (or click-thru statistics) that a good e-mail platform generates for you. Are people opening your e-mails? Are they clicking on your links? Proactively check your reports and use them to determine what information your readers are accessing and how you can best deliver it to them. E-mail marketing is not just about sending out e-mails; it's about communicating with your clients and prospects. And communicating needs to go in both directions! ■

PLAYRIX[®]

ENTERTAINMENT



PLAYRIX[®]
ENTERTAINMENT

bizdev@playrix.com
www.playrix.com
www.twitter.com/playrix

From In-house to Outsource

Boosting Mobile Revenue Through Partnership

By Kevin Henshaw



Kevin Henshaw is the Director of Business Development at IMVU. In this capacity one of his many tasks is the evaluation and on-boarding of new payment channels. He's been doing this

for over two years—that and obsessing over the appearance of his avatar.

In 2004, we launched an avatar-based social network and virtual world called IMVU Inc. (www.imvu.com)-a place where people meet and interact in 3D. Since then, IMVU has grown into one of the largest of the virtual world communities, with more than 40 million registered users, six million unique visitors per month, and a \$25 million revenue run rate. IMVU offers its users a simple yet immersive 3D environment in which they can customize their avatars and rooms, and meet and interact with other people from around the world.

IMVU makes most of its revenue from the sale of virtual currency to its members, who use that currency to purchase virtual goods ranging from clothing for their avatars to furniture for their rooms. IMVU's catalog of virtual goods is the largest in the world, with more than three million items created by IMVU members. As we began to spread around the world, we found that it was critical to develop a consistent and reliable payment system for our members.

Turning to Mobile Payments

IMVU offers its users a wide variety of methods for purchasing credits in order to maximize its conversion rates. In 2006, we discovered strong demand from customers wanting to pay by mobile phone—because a sizable portion of our user-base didn't have credit cards but wanted to spend money. Given that most of our users have mobile phones, we were able to make a sound business case for mobile payments. IMVU invested resources to develop and certify mobile payment applications in 18 countries using multiple mobile aggregators. We wrote software and did modifications to meet carrier certification requirements. We also performed all tier one customer service as required by mobile operators. However, we soon found it challenging and overly time-consuming to build and manage a mobile payments solution in-house, especially with wireless regulatory frameworks and procedures that are complex, dynamic, and tedious.

Dealing with carrier certifications and audits required IMVU to shift resources away from its core competencies and mission of providing a compelling 3D experience for its users—not to mention managing a fast-growing user-generated virtual goods business. On top of handling billing matters such as failed transactions and refund issues across the 18 countries all over the world, we had to perform customer support in the native languages spoken in those countries.

Given our aggressive growth plans in international markets, we expected even more carrier certifications and more regulatory frameworks, none of which added value to the immersive 3D experience IMVU provides.

Selecting a Specialized Mobile Payment Provider

After discovering robust demand for mobile payments and dealing with the complexity of managing its complex in-house mobile payment platform, IMVU decided to partner with a specialized mobile payment provider to reduce costs, increase payment conversion rates, and ultimately yield more revenue. Having built and managed our own mobile payment service, we knew what to look for when evaluating mobile payments partners:

- *Direct connections with mobile operators*—Having worked with mobile aggregators all over the world, we were well aware of the challenges associated with conducting a mobile payment transaction through technology platforms that were built to deliver ringtones and wallpapers.

The value of finding a mobile payments partner cannot be overstated. By turning over this important revenue collection function to a specialist, it has freed us to focus on our core expertise—without sacrificing the revenue we had worked so hard to generate.



- *A streamlined user experience*—In order to make it as simple as possible for one of our users to make a mobile payment, we wanted a partner that already knew what it was doing. Specifically, we felt that our members would benefit most from a mobile partner that: 1) specialized in mobile payments; 2) had experience dealing with consumers and mobile operators all over the world; and 3) localized content in multiple languages. We felt that those three characteristics were critical for maximizing payment conversion rates.
- *Carrier coverage of 100% in every country*—Because we wanted to maximize payment conversion rates, we didn't want users turned away because they had the wrong mobile phone carrier.
- *Tier one customer support*—We had learned from personal experience what it takes to do

customer support properly—and we knew we didn't want to have to manage that function any longer. We also felt that toll-free hotlines and email—in multiple languages—would be an important component of that customer support.

- *Expertise in mobile operator compliance*—IMVU wanted a partner that would stay on top of the ever-changing wireless carrier rules and regulations in each country.

The Impact of Partnership

After a thorough review of potential partners, IMVU decided to work with ZONG, the Palo Alto-based mobile payment provider. And because the technical integration of ZONG into IMVU took only a few days to implement, the impact on our business was immediate. After just 60 days in production, the ZONG solution was generating

over 50% more revenue than our previous in-house solution. Two key differences led to that increase: First, as we had hoped, we saw an immediate increase in payment conversion rates; and second, ZONG provided us a larger footprint of nations and carriers than we were able to achieve with our in-house solution.

In partnership with ZONG, IMVU can almost instantly accept payments from 1.5 billion consumers, a full four-fold increase over our past in-house solution. This has opened new markets and increased revenues from established markets for IMVU.

Consequently, the value of finding a mobile payments partner cannot be overstated. By turning over this important revenue collection function to a specialist, it has freed us to focus on our core expertise—without sacrificing the revenue we had worked so hard to generate. ■

Do you have limited resources to produce your assets and a tight schedule?
Do you have a virtual team in need of sharing your own assets?

Look to FormFonts 3D to make your game happen. The FF3D library currently has over 50,000 models, textures, images and Request Line to fulfill your needs

All this for \$299 per person per year to access library, make requests, manage assets and a one time maximum-defined fee upon releasing the game

FormFonts® 3D
www.formfonts.com info@formfonts.com

Old-School Merchandising

Using Offline Strategies to Increase “Ad-Generated” Revenue

By Jennifer Bartlett



Jennifer Bartlett is business development manager for Sometrics (<http://www.sometrics.com>). She has a background in both online and traditional advertising, and specializes in culti-

vating success through strategic partnerships. She studied business statistics in college, and worked with Nobel Prize-winning professor Clive Granger on network research. Before joining Sometrics, Bartlett served as production manager for One Eighteen Advertising, a full-service agency. Prior to that she was project & product manager for Tag Digital Media, an Interactive Marketing Agency, and worked in business development and operations for Allodic Marketing, a Digital Signage Agency. Bartlett holds a bachelor's degree in management science and a minor in Chinese studies from the University of California, San Diego. She was the recipient of Cal-IT2 Undergraduate Research Fellowship. She can be reached at jennifer@sometrics.com.

An effective way to monetize game users who don't want to fork over any cash is to entice them to take an action that advertisers will pay for. Watch a video ad, sign up for a product or service, take a survey, or shop at an online retailer and you can earn a predetermined amount of virtual currency that can be used within your favorite games or virtual worlds.

Although a few companies have been called out for promoting offers that were less than authentic, when done right ad-based offers increase revenue for game publishers, bring new customers to advertisers, and enhance the game experience for consumers. What's more, we've found that special offers can be an effective catalyst for getting gamers to open up their wallets: Although 60 percent of those who respond to such offers have never purchased virtual currency in the past, many of them do come back and make direct purchases after dabbling in the virtual economy.

Giving your players enticing offers and chances to earn virtual currency is a great first step in helping to monetize free-to-play gamers. But it's just that—the *first* step. How you package those offers, where you place them, and when you make the pitch all factor into how successfully you'll entice users to interact with them. Since these customers make split-second decisions to either start browsing offers or to leave, strategic merchandising plays a critical role in helping them make the decision to stay. Many old-school practices that have proven successful in brick-and-mortar retail settings can also help game publishers increase virtual currency revenue within their online economies.

Make the Pitch Early

We think it's a good idea to offer special deals to your customers as they walk in the door. Or even before that. Grocers put signs in the windows to announce the day's best deals to passersby or to customers as they approach the store. But they don't stop there. They know that the first thing most of us do when we arrive at the grocery store is pull a cart from the queue. During those few seconds, our eyes are focused in one direction—toward the cart itself, as we put our bag inside or adjust the child's seat near the handle. Many stores take advantage of this moment by putting their colorful ads trumpeting the day's specials on the cart itself. A six-pack of Coke may not have been on your shopping list, but now that you know that it's 25% off, you may decide to stock up.

For online game players, there's a similar moment of collective attention: those few seconds while they wait for a game to load or the first moment they visit a game site. We've found that we can increase conversions by as much as 50% if we take this opportunity to show players our special deals—that is, before they begin their gaming journey. We do this by placing display ads on the home page, or by sending a message such as this: “While your game is loading, click here to learn how to earn virtual currency to boost your chances of winning.” At this moment players are amped up, excited to take on their friends, and willing to do what they can to better compete. It's a great opportunity to attract them to your virtual goods store or to introduce them to the concept of earning virtual currency.

Package Complementary Goods Together

In the potato chip aisle, you'll also find salsa, various dips and even bag clips hanging nearby. In the diaper aisle you're likely to find toys. This themed approach to product display is the offline merchant's version of behavioral targeting—a way of personalizing the shopping experience based on which products individual shoppers are already looking at and where they've chosen to go within the store.

How you package special offers, where you place them, and when you make the pitch all factor into how successfully you'll entice users to interact with them.

Got Reach?

Oberon and its partners reach over
100 MILLION casual gamers globally
every month

If you are interested in reaching millions of casual gamers
submit your game to Developers@Oberon-Media.com



The **World's**
leading
multi-platform
casual games
company



Distribution | Publishing | Localization

Art is immortal...



Studio Work | Casual Games | Online Games | Net Book Games
iPhone Game | iPhone Apps



Hill Stone Animation Studios (HSA) is a subsidiary of AJ Square delivering Casual games, Mobile games and MMORPG to the fastest growing online game community. This Globally recognized accolade Casual game is all about Entertainment and Edutainment. HSA also develops outsourced studio works.

Partnership enquiry : Infos@hsastudios.com

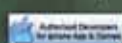
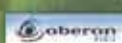
Distribution & Sales enquiry : john@hsastudios.com

Contact : +1 (302) 804 1400, +1 (805) 624 6303, +91 (0) 452 391 7777

www.hsastudios.com

©2009 AJ Square Inc. "Hill Stone Animation Studios" is a registered trademark owned by AJ Square Inc. All Rights Reserved

Our Partners :



Old-School Merchandising

Using Offline Strategies to Increase “Ad-Generated” Revenue

Likewise, game publishers benefit from targeting offers based on what they know about each individual player. Your ability to do this will depend upon the analytics and targeting capabilities of your offer networks and partners. The bottom line is that the virtual shopping experience should not be the same for everyone. An adventure sports enthusiast would probably respond better to an advertisement from an outfitter like REI while a mother of four might be more inclined to sign up for a subscription for Disney movies. Either customer would be valuable to the right kind of retailer. We’ve seen a 20% to 30% jump in revenue when presentation of certain offers or products is personalized—matched to a player’s demographic and behavioral information.

Provide Free Samples

We’ve all nibbled on a few free bites at the store and maybe even found ourselves buying an item we never would have considered otherwise. Many new favorite snacks surely have been discovered this way.

This tactic can be applied to game users as well—especially when it comes to advertiser-sponsored offers. Giving players an opportunity to test out the offer process with something quick and commitment-free can help overcome any skepticism and allow players to experience the benefits firsthand—making it much more likely that they’ll return in the future to take other revenue-producing actions.

We’ll often invite users to earn currency by taking a quick eight-question survey. They simply click a few boxes to answer basic questions (age, gender, etc.) and watch as their currency levels rise. We learn a little more about them—which enhances our targeting capabilities—and in the process they get a taste of how virtual currency works.

Create a Sense of Urgency

Just about every neighborhood has the corner furniture store that’s been “going out of business” for several years now. Those merchants are tapping into the sense of urgency that will tempt people to buy if they think there’s a chance to get a great deal that will soon disappear.

Some game publishers embrace this concept by offering limited-time, two-for-one deals by temporarily doubling the exchange rate for offers, while others create limited-edition items. For example, one client of ours created a character for its game that had special abilities and powers and announced that it would sell only a certain number at a high price point. The limited nature of the offer created a buying frenzy, and the company sold out its entire inventory in 24 hours.

Another way to achieve urgency is to create seasonal items: in-game merchandise tied to a specific holiday or time of year. In some cases, seasonal items can even become promotional in nature. For example, a sporting goods retailer who wants to promote skis during the winter might offer them to game users only for a limited time before they disappear.

Make Customer Service a Priority

Offline retailers are constantly asking their customers: “Are you finding everything you need?” Or: “Are you getting the proper service from us?”

Customer service is the area in which we see perhaps the biggest disparity between the experiences of shopping for tangible goods *offline* and interacting with an offer to earn virtual currency *online*. Ultimately, consumers’ experiences with these offers will determine if they become repeat “buyers” inside your game.

Many offer networks do not have proper feedback loops or customer service capabilities

built into their systems. The offers are taken from ad networks and filtered through offer networks, creating several layers of separation between the brand, the game publisher, and the consumer. This can leave both players and publishers vulnerable when there’s a problem that needs to be resolved.

It’s important to have an efficient way to resolve questions or disputes from both sides: when consumers say they haven’t been paid their currency or when advertisers want to pull their offers from game users because they’re not receiving quality leads or conversions. Being able to respond quickly is key when trying to maintain quality and increase revenue. Games should have a simple and quick mechanism for solving these issues, giving users real-time support in resolving their disputes. Offer companies should work closely with ad networks and advertisers to make sure they are seeing value for the virtual currency they are ultimately paying out.

Conclusion

Ad-supported offers—along with other payment methods, like PayPal, credit cards, prepaid cards, mobile payments and more—can help game publishers achieve great success using a free-to-play model that incorporates micro-transactions. Your offline counterparts have been “merchandising” for a long time—so when you’re hungry for ideas, head to the grocery store. And make sure to taste the free samples. ■

Many old-school practices that have proven successful in brick-and-mortar retail settings can also help game publishers increase virtual currency revenue within their online economies.



PLAY FIRST[®]

- Leader in Interactive Entertainment
- World Class Publishing House
- PC, MAC, iPhone, & Facebook Games



Turning your ideas into best-selling brands
visit us at developer.playfirst.com



Platforms: iWin is one of the industry's leading cross-platform, casual game publishers. We specialize in taking top brands to platforms such as PC retail, DS, iPhone, Facebook and PC digital download.

Premium games = premium royalties. iWin.com is a strong believer that quality games should be sold at premium prices. Contact us today to discuss an enhanced royalty structure for premium games.

Benefits: As a full service game publisher, we provide financial resources, game design expertise, QA, focus testing, and wide distribution.



Where developers come first.

For more information contact:

iWin Publishing Team

youwin@iwin.com • 415-466-3580

